

THE WEATHER — PARIS: Wednesday, partly cloudy. Temp. 62-73. LONDON: Wednesday, very cloudy. Temp. 56-67. AMSTERDAM: Wednesday, cloudy. Temp. 54-64. BRUSSELS: Wednesday, cloudy. Temp. 54-64. NEW YORK: Wednesday, cloudy. Temp. 64-74.

Herald Tribune

Table with exchange rates for various currencies including Australian, Canadian, Hong Kong, Indian, Japanese, etc.

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Established 1887

Saudis Are Cast as Chief Mediators

Riyadh Role Heightened as Syria Balks at U.S. Plan for Lebanon

By Bernard Gwertzman
New York Times Service
WASHINGTON — Saudi Arabia's administration officials said that Syria has refused to accept any plan that seems to have originated in Israel or the United States and Saudi Arabia has been left to take the lead in trying to resolve the current Middle East crisis.

Mr. Habib has also been seeking to arrange the removal of the missiles, but it is now acknowledged within the administration that the chances for their withdrawal depend largely on the Saudi efforts.

Syrian and Libyan missiles and forces from Lebanon soil. The resolutions were introduced by Democratic Sens. Edward M. Kennedy of Massachusetts and Henry M. Jackson of Washington, and by Reps. Benjamin S. Rosenblatt, Democrat of New York, and Edward J. Derwinski, an Illinois Republican. The measures were privately criticized by State Department officials who felt the congressional actions put too much open pressure on Syria.

The officials said Monday that the Saudis, deeply concerned about a new Arab-Israeli conflict, agreed to become more active diplomatically after President Reagan's special envoy, Philip C. Habib, reported to them that Syria was unresponsive to his ideas because President Hafiz al-Assad believed Washington was too closely allied with Israel.

In addition to the Saudis, administration officials said that Yasser Arafat, chairman of the Palestine Liberation Organization, has also been helpful behind the scenes in urging restraint on Syria.

Administration officials said that when it became clear to Mr. Habib that the Syrians were unlikely to view favorably any ideas he brought to them, he suggested returning to Washington for consultations.

Jordan Bars Aid to Syria in War Polls Show

By Stuart Auerbach
Washington Post Service
AMMAN, Jordan — King Hussein Tuesday refused to offer either military or political help to neighboring Syria if it is attacked by Israel, which he blamed for escalating an already "disturbed, dangerous situation in the area" through its "intolerable" and "provocative" policies on the West Bank and in Lebanon.

King Hussein made his remarks in a 30-minute interview with four Western reporters in his office in the Basman Palace in Amman. It was the first major statement by the Jordanian monarch since the current missile crisis exploded a little more than a month ago and came four days after he returned from his first trip to the Soviet Union since 1977.

U.S. Efforts Assailed
DAMASCUS (NYT) — Syrian Foreign Minister Abdel Halim Khaddam Monday denounced the United States' current Middle East diplomacy as warped in favor of Israel and contended that Saudi Arabia was not a mediator between Syria and "the Zionist foe."



FIRST VISIT — Claude Cheysson, right, the foreign minister for Francois Mitterrand's new Socialist government in France, met with West German Chancellor Helmut Schmidt, center, and Foreign Minister Hans-Dietrich Genscher Tuesday in Bonn. Details, Page 2.

OECD Sees 6-Month Delay in Upturn Of Economies of Industrialized Nations

By Axel Krause
Washington Post Service
PARIS — Recessionary conditions and growing unemployment among industrialized countries are expected to continue well beyond this summer, according to unpublished working documents prepared by the secretariat of the Organization for Economic Cooperation and Development.

beginning in the first half of 1981 to reach an annual rate of 1.6 percent in the first half of 1982. However, since the report was published, the combined OECD economies have weakened by 0.5 percent. The result is that predictions of GNP growth rates have been scaled down to 1.6 percent in the first half of 1981, 1.5 percent in the second half of 1981 and 2.2 percent during 1982. These rates compare with a 1.3 percent growth of GNP during 1980, according to the OECD.

500,000 more jobs than the agency predicted last December and compares with 23 million unemployed at the end of last year, according to the OECD. The new projected jobless level equals roughly 7.5 percent of the area's labor force, but it could be as high as 9 percent in the European OECD countries, including members of the European Economic Community.

U.S. Will Sell Arms To Jordan and Oman

WASHINGTON — The Defense Department has notified Congress that it plans to conclude an \$87-million arms deal with Jordan and sell the Gulf state of Oman a C-130 Hercules military transport plane.

Indeed, the documents reflect a decidedly gloomier outlook for Europe overall compared to other areas, notably the United States. The OECD predicts only a 0.6 percent growth rate for Europe in the first half of 1981. Meantime, largely because of depreciation of European currencies against the dollar and the year, European inflation rates also will increase faster than had been anticipated earlier, the OECD said.

Paralleling those factors are two distinct phenomena which have been vastly helped Mr. Begin's campaign and undercut that of Mr. Peres: Mr. Begin has put his once-contentious and seemingly self-destructive cabinet under wraps, thereby neutralizing the government's image of ineptness; and intermediate fighting within the Labor Party, stemming from the years-old rivalry between Mr. Peres and former Prime Minister Yitzhak Rabin, continues to erode support for the opposition.

Throngs Join To Mourn Zia; 3 in Plot Die

By William Branigin
Washington Post Service
DACCA — Hundreds of thousands of Bangladeshis streamed through the streets of this crowded, dirt-poor capital Tuesday in a funeral procession for the slain President Ziaur Rahman. The government announced the deaths of three leaders of the abortive rebellion that took his life.



Bengali soldiers bring their own wreath to place on the coffin of President Zia, who was slain in a coup attempt on Saturday.

President Zia's death leaves a leadership vacuum that could eventually lead to a struggle for power and reduce the degree of political stability that he had established, Bangladeshi and Western sources said. Combined with a leveling off of international development aid this year, the sources said, President Zia's death also casts a gloomy pall over prospects for continuing the country's painfully slow but steady economic progress of recent years.

Official government spokesmen were not immediately able to confirm or deny another report that the wife, daughter and two young sons were subsequently killed along with Gen. Manzur and the

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Peres Camp in Disarray

Even if Mr. Begin fails to maintain his momentum and wins only the 45 seats that the polls have predicted, he appears for the first time since the campaign began to be in a fairly strong position to put together some sort of coalition for the 61 Knesset seats necessary to form a government, albeit a weak one. In 1977, the Likud won only 43 seats, but by enlisting the religious parties and the now-defunct Democratic Movement for Change, it formed the present coalition government, which has lasted four years — longer than any government in Israel's 33-year history.

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An honor guard of soldiers carrying the coffin of President Zia through the streets of Dacca.

Sandinistas Try to Pacify Critics

By Alan Riding
New York Times Service
MANAGUA — Faced by an acute economic crisis and a country increasingly divided along ideological lines, Nicaragua's Sandinista rulers have launched a two-pronged offensive aimed at appeasing their domestic critics and winning new friends abroad.

The Sandinistas have also been alarmed by mounting evidence that exiled followers of the late Gen. Anastasio Somoza Debayle are receiving encouragement from sectors of the Honduran Army for their plan to invade Nicaragua from camps inside Honduran territory.

Hard-Liners Assailed by Polish Party

WARSAW — Poland's Communist leadership Tuesday formally condemned the position of a hard-line party group whose views have met with approval from Soviet officials.

U.S. Gets Reports on Tanks

WASHINGTON (AP) — A State Department official said Tuesday that the Reagan administration has seen reports that the Soviet Union may have secretly shipped T-55 heavy tanks to Nicaragua, although there is some doubt as to whether the reports are true.

The Washington Post reported that the Russians sent the tanks as part of a long-rumored plan to equip Nicaraguan armed forces. The story said that according to reliable intelligence reports large pieces of equipment covered with tarpaulins have been unloaded at night in Nicaragua from Cuban transports.

Western diplomats in Warsaw said they were convinced the new development was directly connected with the Polish party congress, which is widely expected to be met in July to approve the democratic reforms in Poland that

INSIDE

Splits Hamper Apartheid Fight
Personal and ideological differences among black groups fighting apartheid in South Africa appear to have deepened over the last five years, undercutting the black protest movement's effectiveness. Page 4.

Dollar Surges in Europe
The U.S. dollar, bolstered by signs that a drop in interest rates may be slower in coming, surged against European currencies. Page 15.

PORTUGAL
Despite Problems, Democracy Holds
Portugal's democracy is doing remarkably well after seven years, despite a number of pressing problems. A special supplement on the Iberian nation appears on Pages 75-145.

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Films in Paris

Tanner's 'Light Years Away' Inventive

Thomas Quinn Curtiss International Herald Tribune PARIS — Several of the Cannes festival winners... have received immediate release in France and elsewhere in Europe.

problems. Neither he nor the complicated modus operandi of his robberies makes a compelling call on one's sympathy or interest.

'The first order, but theatrically it cracks like rusty armor. The laborious dialogue spreads a dank gloom over the proceedings, and its players, reciting grotesquely highfalutin lines, seek desperately to rescue it from numbing into downright parody.



Trevor Howard and Mick Ford in "Light Years Away."

The characters that compose the rogue's gallery the film spotlights might have stepped from the pages of Carro's "Les la Caillie."

thors, "Neige" raises the curtain on a duo of cinematic virtuosos. It is at the UGC Opera, the UGC Biarritz and the Cluny Ecoles, among other theaters.

Opera in Milan Muti Conducts an Exciting 'Figaro'

William Weaver International Herald Tribune MILAN — These are exciting days at La Scala. As the season draws to its close, the house is presenting two of its most successful productions of recent years.

parts were all excellently assigned, and Muti rightly opened all the cuts. Though the evening lasted over four hours, it never seemed long.

greater style and feeling. The rest of the cast — Peter Dvorsky as Rodolfo and Leo Nucci as Marcello — was not quite on this level, but was nevertheless excellent.

Services

U.K.'s Universal Aunts: 60 Years of Know-How

LONDON — Packing a panda to Pamplona? Seeking a witness for your improprity marriage? Few tasks are beyond the scope of Universal Aunts, a battalion of 18- to 80-year-olds whose slogan "Anything for anyone at any time" has propelled them, in many people's eyes, into the ranks of British institutions.

are arranged as easily as discotheques are run. Casually demanding professional attention are directed to experts.

Jazz Festivals

Some Principal Dates on This Summer's Calendar

PARIS — Here are some highlights of the European summer jazz festival circuit, which continues to grow in size and duration. This includes high points of the programs, telephone numbers (and area codes) and the occasional address where more information may be sought.

sonality by dropping the word "jazz" from its title, but there's still plenty of it left. The event includes Salia and Ray Barre, Chick Corea, Mighty Clouds of Joy, James Blood Ulmer, Toots and the Maytals, Ella Fitzgerald, Stry Cas, Arthur Blythe, McCoy Tyner, James Brown, Eddie (Cleanhead) Vinson, Stephen Grawell, Al Jayram and Herbie Hancock, plus two nights featuring big bands from American universities. (21-61-33-94)

Nimes, France (July 11-18): Jazz in the arena with Dizzy Gillespie, Milt Jackson, Michael Roedel, Michel Richard Abram, James Moody, James Newton, plus workshops and seminars for fearless fans and budding jazzers. Everybody gets an ear. (Jazz Club, 45 Rue Flamande, Nimes.)

Wilmis, Switzerland (Aug. 27-30): The season's finale, a big, event-packed meeting in a small, picturesque Swiss town. Sun Ra Arkestra, Kent Carter's String Five, Sam Rivers, Rashied Ali, Pharoah Sanders, Pat Metheny, Charlie Haden, Dewey Redman. (45-81-27-31)

Tanner has succeeded in casting a binding spell over the incidents of his script and has extracted commendable performances from his principals — Trevor Howard as the shabby soccerer and Mick Ford as the faithful pupil. The result is a film of uncommon artistry that holds attention throughout with its intriguing invention. It is in English at the Saint-Andre-des-Arts, the Balzac Elysees, and Les 14-Juillet Bastille, among others.

Paris (June 9-19): Robino Theatre. Max Rouch, Lester Bowie, Dave Brubeck, Mingus Dynasty and six other big names, one each night, in a prestigious Montparnasse theatre. (1-327-7484)

Velden, Austria (July 3-5): John McLaughlin's new band, Art Pepper (candidate for comeback of the '80s), Stan Getz, Memphis Slim, Dexter Gordon and more. (222-54-15-58)

San Sebastian, Spain (July 15-19): Weather Report, Freddie Hubbard, Chick Corea and McCoy Tyner. (41-31-80)

London (July 18-19 and 25-26): Capital Radio Festival: Still more of the same names, in addition to British favorites like Zoot Money, Ronnie Scott and Barbara Thompson. (1-388-1288)

Michael Mann's television film, "The Jericho Mile," an honest and moving account of the rehabilitation of a prisoner who trains for long distance running in the Olympics, introduced a young director of exceptional promise when it was seen at the Dearville festival last September. It is playing in Paris as "Comme un homme libre," and is recommended.

Paris (June 16-19): Festival de Marais at the Cafe de la Gare. "The Branches of Jazz" — Afro, Salsa, Gypsy, South American and Euro-jazz. Highlight, on June 17: Gypsy guitarists Boulou and Elio Ferrer, plus the versatile Argentine percussionist Martin Sainz Perez. (1-897-7631)

The Hague (July 10-12): The North Sea Festival is a well-managed, joyful super-festival, with about 600 musicians performing in the Congress Center's nine halls for 10 hours each day. Dorothy Donegan, Oscar Peterson, Tito Puente, Frankie Dumbo, Lionel Hampton, Mel Torme, Trummy Young, Cecil Cruz, Arnette Cobb, Ahmad Jamal, Kai Winding, Taj Mahal, Doc Cheatham, Scott Hamilton, Claude Luter, The Heath Brothers, Art Taylor, David Grisman, Luther Allison and so on; plus jazz cinema and video, jazz books, jazz T-shirts, jazz paintings, jazz snacks and jazz camping. (70-54-29-33)

Nice (July 11-21): Acoustic tradition, George Wein's Grande Parade du Jazz takes place on three simultaneously running weekends in the Cimiez Gardens from 5 p.m. until midnight — a picnic more than a supermarket or even a concert. Clark Terry and the Basie Alumni All Stars, Richie Cole's Alto Madness, Cedar Walton, Woody Shaw, Teddy Wilson, John Lewis, Light-

Antibes, France (July 17-25): Many of the names listed above, plus everybody's choice for the hall of fame, Gil Evans, Arno, Albert Collins, Albert King, Sarah Vaughan, Sadao Watanabe (No. 1 in Japan) and Martial Solal's big band, which sounds alarmingly like Stan Kenton. (93-33-92-64)

Special Mozart Sound Still, there was some electricity generated by what might have seemed a Muti invasion of what until a short time ago, was Abbado territory. Muti's "Figaro" would have been electric in any case. As he demonstrated a year or so ago, with a "Figaro" mounted in his regular theater, the Comunale in Florence, he has a deep affinity for this work and a remarkable capacity for creating his special Mozart sound, a compelling blend of delicacy and power.

For 60 years determined women — and more recently men — have been tackling clients' requests to escort children, groom London, pack up houses, purchase obscure delicacies, find accommodations and answer questions on virtually any subject. Universal Aunts, which is at 36 Walpole Street, Chelsea, London SW3 (telephone 1-730-9834), advises customers where to find heraldry experts, how to dress for garden fetes and where to get their Gainsboroughs valued. It plans for banquets. The prices vary with the service.

In 1921 Gertrude Maclean, a London social figure and favorite aunt in her own family, founded Universal Aunts primarily to chaperone children during school holidays while their parents were in colonial outposts. A year later the venture became a company and business snowballed. Now its staff numbers 400, including about 20 uncles.

Khomeini Signature Is Bought for \$800

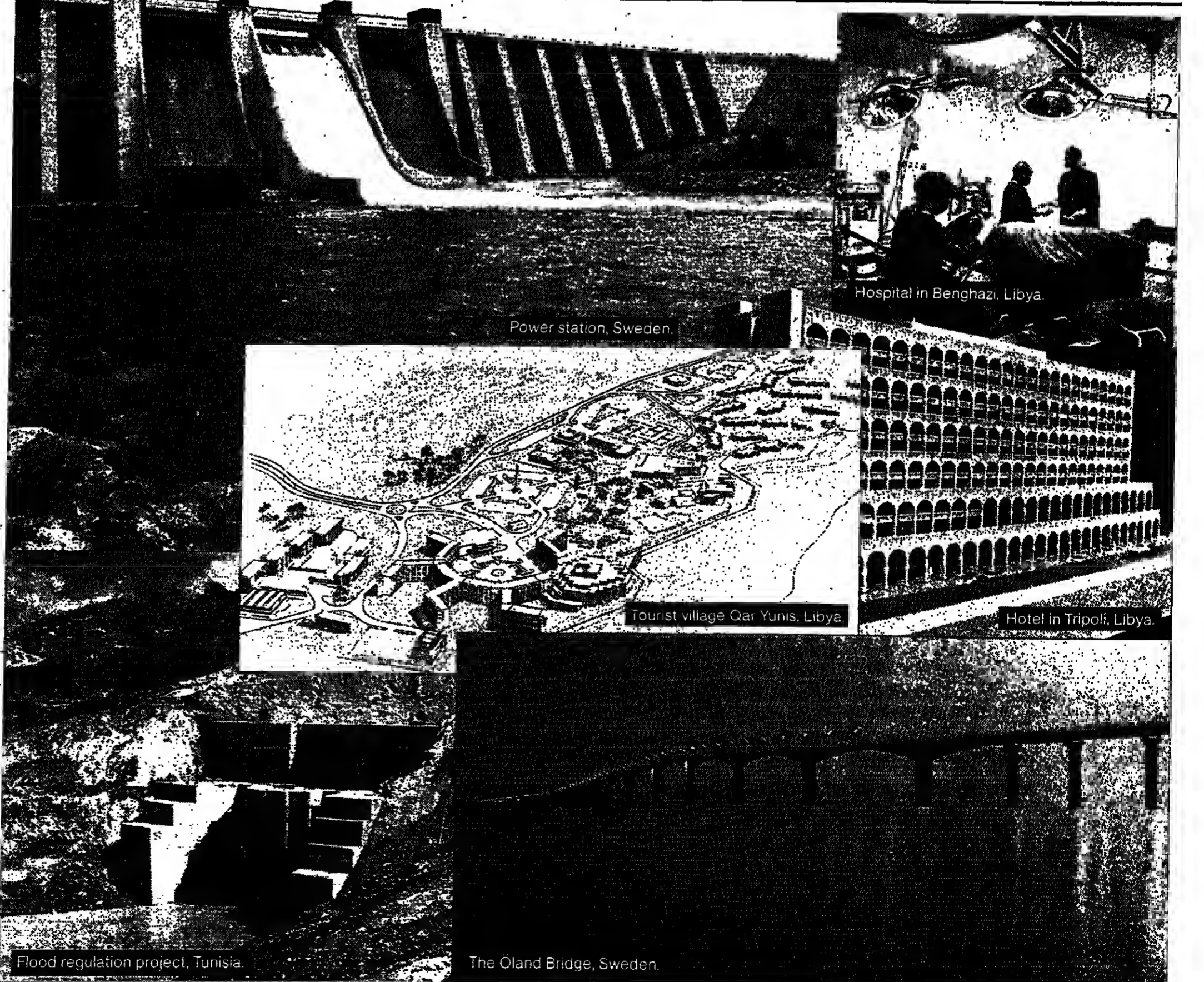
NEW YORK — An anonymous collector spent \$800 for the signature of Iran's Ayatollah Ruhollah Khomeini at an auction in New York held by the Universal Autograph Collectors Club.

The price for Khomeini's signature, written on an envelope sometime after the religious leader assumed control in Iran in 1979, was the highest ever paid for the signature of a living person.

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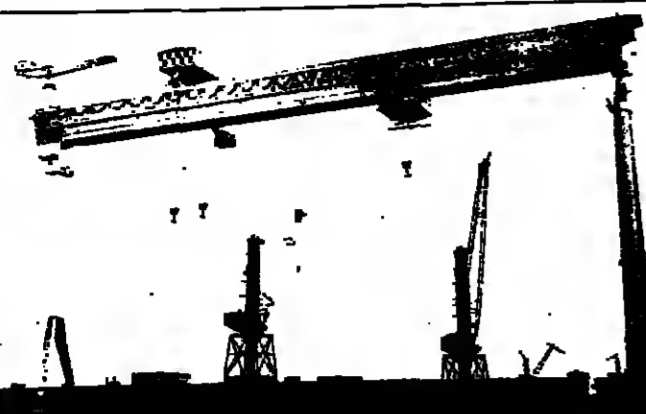
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• PORTICOS PARA MOVIMENTAÇÃO DE CONTENEDORES
• EQUIPAMENTOS PARA FINS ESPECIAIS

LIFTING AND HANDLING EQUIPMENT

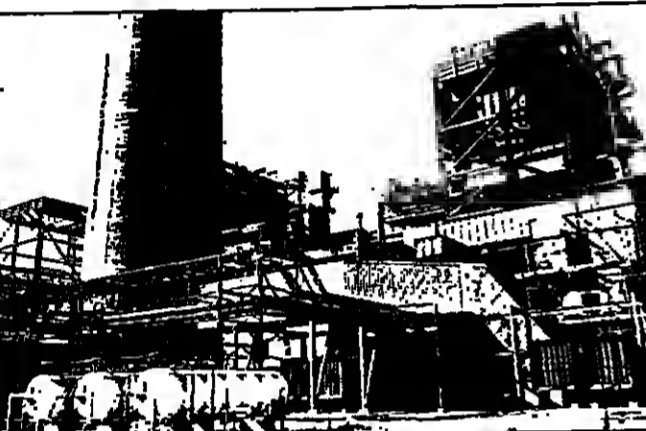
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• OVERHEAD AND GANTRY CRANES
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PORTUGAL

PORTUGAL

Shift from Africa: 'We Are European'

LISBON — Engineer Antonio Vasco de Mello, the 50-year-old founder and president of the Confederation of Portuguese Industry...

With reason. He is descended from royalty on both sides of his family. His mother's family were the O'Neils, members of the Ulster Irish Catholic royal family...

stored completely, but we are nearer than we were," he said.

Mr. Vasco de Mello is relatively satisfied with the government of Premier Francisco Pinto Balsemão, but he would like to see it take more concrete steps to help private industry.

Studies Abroad

He was educated in Lisbon as a mechanical engineer, then went to Germany and Austria for practical studies in steel manufacturing areas.

When Mr. Vasco de Mello was not at the company, he was sailing. He sailed in the U.S. World Championship in 1963...

The family company weathered the revolution virtually unscathed. Mr. Vasco de Mello attributes this to the fact that they maintained good relations with their workers.

He did, however, take an active part in opposing the leftist takeover of Portugal following the 1974 revolution...

"We kept the message of market economy alive so that it could make a comeback. It is still not re-



Antonio Vasco de Mello

there was no reason for them to try to take over."

He wants to see Portugal join the European Economic Community rather than look toward Africa as it did before it lost its territory.

—MARTHA de la CAL

Eanes: Focus on World Role

LISBON — Antonio Ramalho Eanes, an austere army general who was re-elected in December for a second and final presidential term...

national opportunities and more widely based political activity. In summing up his first five years in office...

The president says that balanced military strength between the superpowers is necessary for world peace. But he also urges a balanced, progressive arms reduction.

tents in the Iberian Peninsula, to be interrelated," he expressed confidence that democracy was workable in both countries.

Discussing the state of relations between Lisbon and Washington, the president stressed the benefits of continued dialogue to Portugal and the rest of the links, underlined perhaps by his own close friendship with U.S. Secretary of

State Alexander M. Haig. But Gen. Eanes cautioned that the evolution of these ties would be conditioned by Portugal's position as a budding member of the EEC.

Turning to President Reagan's hard-line policies toward the Soviet Union, the president called for a balance of forces between the superpowers to preserve world peace.

He reaffirmed Portugal's longstanding commitment to NATO, of which it is a founder-member, but criticized the organization for not delivering on promises to help re-equip and modernize the Portuguese armed forces.

The president strongly criticized interference in other nations' internal affairs, raising this as one of the most pressing problems.

Portuguese Democracy, 7 Years Later: Sense of Balance Prevails

(Continued from Page 75) 1974 helped to push Spain toward democracy. Nevertheless, Portuguese leaders repeatedly affirm that their democracy is firmly rooted.

The domestic situation is stable. The military are tightly controlled and almost completely removed from their political position of seven years ago...

There is a fierce determination to make democracy work, and a remarkable structural stability has emerged despite the political upheavals that followed the revolu-

tion. The Portuguese hope that this, and a little help from their friends, will ensure that the system continues.

Constitution

Yet most commentators in Lisbon warn that a rightist military takeover in Spain would place heavy strains on Portugal, partly because of the common border and the increasing arrogance of the vociferous Portuguese extreme right.

Meanwhile, the government,

apart from trying to calm the Alliance's right wing, has several priorities before it. First, it is preparing for the fundamental revision of the 1976 constitution...

The present charter, a confusion of programmatic Marxist ideas conceived during the revolution, can only be revised with the support of two-thirds of the deputies.

The quid pro quo will probably center on government backing for a bid by Socialist leader Mario

Soares for the presidency in 1985 — a bid that has become almost certain following the crushing defeat of Mr. Soares' opponents at the recent Socialist Party congress...

The government wants to make the following basic changes in the constitution:

- Remove references to Marxism or the obligatory transition of the state to a Socialist workers' republic;
• End any institutionalized military supervision of the civilian democracy;
• Remove blocks on opening

nationalized sectors of the economy to private enterprise and reorganizing Communist-dominated agricultural areas in favor of individual tenant farmers;

• Include necessary references to the application of EEC law when Portugal becomes a member, and to the decentralization of the national administration.

Keen to Alter Balance

The government is also keen to alter the balance of the work-weighted labor legislation, to allow private radio and television stations, to operate public and private medicine in parallel, and to encourage the growth of private schools alongside the state system.

the fate of the Council of the Revolution, an outdated military body that was charged with keeping Portugal on the revolutionary course after the coup.

While this major reorganization of institutions is taking place, the government's four-year program must be implemented if Portugal is to withstand the shock of EEC entry in 1984.

PORTUGUESE GOVERNMENT ANNOUNCES INDUSTRIAL STRATEGY
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Agriculture: Keeping Production as Priority

By Harry Debelius

LISBON — There are social and ideological aspects of farming in Portugal that have more influence on production than do systems of cultivation and types of seeds. The minister of agriculture and fisheries, Antonio Cardoso e Cunha, is the first to admit that political savvy is as important in his ministry as technology.

Portugal is still getting over its 1974 revolution, and the business of turning over land to individual farmers in the southern Alentejo region, where a leftist government nationalized farmland, is the minister's most time-consuming task, although he insists that it is not his most important one.

"The principal job of this ministry is to increase production," he said. "And I'm very, very strict about that. This is our objective and we must fight for it. And although I'm not an agricultural technician — I'm a farmer but I'm here on a political basis — I think our main task really is to induce more production."

Portugal certainly needs to grow more of its own food. Last year it had to import half the food it consumed, despite generally favorable weather for the crops. This year, as a result of a severe drought that is only now seeming to end, food imports will be even greater.

Farmers' Size
A traditional problem of Portuguese agriculture is the size of the farms. In the north they are too small; in the south they are too big for efficient farming in the traditional way. To correct this, the government is applying policies tailored to different areas but designed to help the small farmer.

Following the revolution, during what Mr. Cardoso e Cunha refers to as "the hot years from 1975 through 1977 — politically and socially hot," the Communist Party took advantage of its prestige as a leader in the fight against Fascism and fomented the takeover of big farms in the Alentejo region, bordering southern Spain, by landless farm laborers.

"The Alentejo is an area of poor soils and with a difficult climate," the minister explained. "It was used in the past in the wrong way, I think, with the emphasis on wheat production, even where the soil is not the best type for this kind of crop. This sort of agricultural exploitation led to a situation of poor economic activity and sea-

sonal unemployment in this zone, which gave the Communist Party its opportunity. The party surfaced after its difficult years as a clandestine movement, with a very good organization but without a basis of popular support. The Communists used the social situation in the Alentejo to get the popular expansion they longed for quickly. This triggered land occupations and forced owners to employ more workers than they could afford, thus pushing the owners toward financial ruin. By the end of 1975, the area of the farms thus occupied amounted to about 1.1 to 1.2 million hectares. This movement was promoted by a number of organisms, mainly the army, which at that time was under a very heavy Communist influence, and the collective farms, which were established that way were presented to the population as the solution to the unemployment problem, because collective farm laborers were promised full employment.

Shift in Power
"These collectives at that time were economic nonsense, but then their main objectives were not economic. They had access to easy money in the form of government credits, and the popularity of the Communist Party was strongly reinforced, allowing the Communists to establish in late 1975 and the beginning of '76 a stronghold which they still have."

He continued, "As the political situation evolved in Portugal, the Communist Party slipped from its position of power. If lost its influence on the government, to become simply one of the more important parties in the Portuguese political spectrum. The country became established on the basis of Western European democracy. It's obvious that the present system and the present government cannot support the type of political credits which were given in those times, and so some of the collective farms no longer have the capacity to sustain full employment, which means that they are having a hard time surviving, purely as a result of the interplay of economic factors, without any action aimed directly against them."

A law passed in 1977, when the Socialists were in power, is the legal basis for breaking up collective farms. It authorizes the government to redistribute large landholdings, even those owned by the



The manager of a small farm sprays weeds around 4-year-old hedge lemon trees and picks the fruit for sale at market.

state as a result of nationalization. ("After all," Mr. Cardoso e Cunha remarked, "it's inconceivable in Portugal to have estates the size of those in Texas, because the country is small. Even if this might be an economic answer, it could not be a social answer.")

Now, the government says, the original owners of the lands seized in "the hot years" have all been given provisional compensation for their losses, although not all claims have been settled because final compensation depends in each case on an on-site assessment of the property.

State Property
New land grants in the Alentejo region are given on a leasehold basis, since the constitution prohibits the return of nationalized property to private ownership, and the grants are restricted to farm workers who do not own land themselves. Their "rental" payments are calculated on a long-term basis to balance the estimated amount of indemnity that the government must pay the previous owners. Those who receive such land, as well as other individual farmers, farm cooperatives and even the

few remaining UCPs (collective units of production), are eligible for financial assistance on unusually favorable terms. The UCPs, incidentally, are also required to pay "rent" because the land they work is technically the property of the state, and the government must compensate its original owners, too. It is generally assumed that title deeds will be distributed to the leaseholders when the constitutional situation changes. The emphasis in the last year has been on the small farmer. By now, 3,000 farmers have been installed on what the minister calls family-size plots, which, he says, "are more in the Portuguese tradition." Officials consider a family-size farm to be one that if reasonably cultivated can be expected to produce an annual income of 200,000 escudos (about \$3,450) for each member of the family who is actively employed on the land.

PORTUGAL

Labor: Communists Retain Leadership

By Mary Castanheira

LISBON — Organized Portuguese labor remains firmly controlled by the Communist-backed CGTP-Interindustrial (General Confederation of Portuguese Workers), skilled at brinkmanship bargaining and able to cause widespread disruption through strikes.

Socialist and Social Democratic attempts to break the Communist monopoly, with the creation of the rival UGT (General Union of Portuguese Workers), have had little impact. The UGT unions have recently been forced to harden their more lenient pro-government positions to prevent the erosion of their support.

Portugal's annual wave of strikes this year has resulted in both the UGT and the CGTP-Interindustrial breaking off talks with the center-right government. The government believes that the unrest is monitored from Moscow and aimed at weakening the young democracy. "This year's round of strikes worsened when Communist leader Alvaro Cunha returned from Moscow and demanded the government's overthrow," Labor Minister Henrique Nascimeto Rodrigues said. "CGTP had started negotiations with the government and even declared publicly that this was a government with whom they could talk. Suddenly, coinciding with Cunha's return, things changed. CGTP stopped talking to the government, refusing to attend previously arranged meetings with various ministries."

Strikes lasting from three hours to four days affected nearly every economic sector and every part of the country during the winter. Lisbon was without cooking gas for three days. Four-hundred-thousand civil servants belonging to both the CGTP and the UGT struck simultaneously, paralyzing ministries, schools and hospitals. Ten-thousand postal workers left mail services in chaos. Oporto was without public transport for four days. As soon as one strike was settled, another was threatened. In the first week of April alone, there were 15 strikes.

"The strikes show the workers' discontent," said Alvaro Rana, who directs the CGTP's international relations. "It is their answer to the government's unwarranted price increases and loss in purchasing power." He said that Premier Francisco Pinto Balsemão's gov-

ernment at first seemed open-minded and ready to solve the workers' problems but that the CGTP eventually found the talks fruitless. "There's nothing new in this government. They want to create a climate for a return to pre-revolutionary days."

Nearly 85 percent of organized labor belongs to the CGTP. Its dues-paying membership has stabilized in the last year and it has lost no unions to the UGT. "They keep their members because they drive a hard bargain and usually get results," a leading industrialist said. "I have workers who voted for the [ruling] Democratic Alliance in the general election but who support CGTP wholeheartedly when it comes to wage rises."

The UGT, with about 45 member unions, has a hard time gaining ground among factory workers. After two years of existence, its main strength still comes from the better-paid insurance, bank and other services employees. The organization held its second congress earlier this year and claimed a membership of 800,000 workers in all areas. "We do not spend our time gluing posters on walls or confronting workers in useless strikes or street demonstrations," UGT executive Vitor Botelho said.

Labor Laws
Before the recent toughening of its approach, the UGT had been prepared to cooperate with the government and businessmen in redrafting Portugal's controversial and highly protectionist labor legislation. The UGT's support for legislative changes — needed for entry into the European Economic Community — is vital to the government. While the laws generally do not contradict the Treaty of Rome, they are widely considered a brake on investment.

The stringent dismissal law introduced by leftist ministers in 1975 virtually prevents any firing of workers. The authorized reasons for dismissal are limited and difficult to prove, and labor courts take up to five years to solve a case. To get around these laws, thousands of workers are hired on short-term contracts, renewed every six months for a maximum of three years, after which the employer must decide whether to keep the worker permanently.

Labor Minister Rodrigues wants to revise the law to include an incompetence clause, and simplify the hiring and firing process.

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GROWTH AND PROSPECTS FOR THE PORTUGUESE ECONOMY: The Eighties

Following the recovery of the external balance, which was achieved in 1979, the Portuguese economy has weathered the impact of the second oil price increase quite well. In 1980 the economy was able to consolidate the increase in activity initiated in the second part of 1979. Investment recovered strongly, and despite the increase in energy prices, inflation has abated and the annual deficit in the balance of payments has increased to only 4.7% of GDP.

In 1979 and 1980, GDP was able to grow at an average (5.1%) significantly higher than the OCDE average (2.1%). This acceleration was due to the large expansion in exports of goods and services (18%, on average, in the last three years) and the recovery in investment in 1980 (estimated at 13%). The expansion of exports meant a large increase in market shares, especially in European countries. This was the result of an outward looking policy adopted since 1977 involving an exchange rate and incomes policy that made possible to regain the pre-1973 international competitiveness, together with other export promotion policies and an appropriate monetary policy. The success of these policies was evident despite the negative effect of the rise of protectionism in certain developed countries that is becoming more and more limitative in a world of slow growth.

The recovery of private investment is evident in 1980, and resulted from a build up in profits since 1977, the acceleration in economic activity, an easier credit policy during the year and a new investment policy that has given subsidies and tax exemptions to new investment projects with sound economic profitability and social productivity. This trend appears to continue well during the current year, supported by the launching of a large program of investments by public firms and the public sector.

The inflation rate that was 24% in 1979 decreased to 16.6% (the OCDE average was 11.2%), due to the deceleration in the rate of depreciation and an increase in productivity. Some administered prices were also kept under strict control, particularly in the nationalized sector.

The Parliament has approved last March the Medium Term Plan for the 1981-84 period. The Plan estimates a growth rate of 5% per year, with investment expanding 8% per annum. Exports are expected to grow at 8% per year, due to the adverse international environment. The increase in productive investment is required for the development of modern sectors, to diversify exports, import substitution and to fill some gaps in the industrial flows. Investment in housing and social infrastructures must increase 8% per annum. On the employment side, the creation of about 200-260 thousand jobs is planned, and it is estimated that the rate of unemployment will decrease to about 6% in 1984.

The objective of investment and inflation requires the containment of the public sector deficit, which implies a very moderate increase in public spending.

The inflation rate is expected to be reduced to the average European level by 1984. This will be accomplished by a progressive reduction in the rate of devaluation, moderate increases in wages, containment of public sector deficit, and adequate monetary, incomes and prices policies. Monetary programming of total credit will continue in line with macroeconomic objectives.

Compensation for the nationalization of firms has already been granted. The stock market has reopened. The Integrated System of Incentives for Investment has defined an industrial strategy for the domestic and foreign investment in manufacturing (priority is given for sectors that have high domestic value added, save foreign exchange and create new jobs) with credit and tax subsidies. Portugal has shown clear comparative advantage in the manufacturing of machinery, transportation material, textiles, clothing, paper pulp and other intermediary technology and labor intensive industries. Tourism is a flourishing industry. The current investment plan undertakes large projects in iron and steel, chemicals, highways, coal-fired power stations for oil saving, and the strong development of vocational and technical education.

Banco de Portugal.
Research and Statistics Department.

PORTUGAL

Cartoonist Spars With President

LISBON — Portuguese cartoonist Augusto Cid, 40, used to like politics and politicians. "If politicians didn't exist," he once told an interviewer, "I wouldn't have anything to draw about." Now, he says, "I am fed up and disappointed with all of them."

He has reason to be. During the past year and a half, two of his books of cartoons lampooning President Antonio Ramalho Eanes have been confiscated. He has been brought to trial for causing "irreparable damage" to the president's reputation, and he is facing charges brought by his own political party, the Social Democrats, for starting a campaign to discredit the findings of the committee appointed by the government to investigate the causes of the plane crash that killed Premier Francisco Sa Carneiro last December.

Mr. Cid's troubles began in 1979, when he brought out a book of cartoons called "Superman," which depicted Mr. Eanes as a man who has unlimited powers but who refuses to use them. Mr. Cid also took swipes at the president's wife, his sex life, his seeming inability to smile and other personal characteristics. By standards in the rest of Europe and the United States, the cartoons were relatively tame.

But the president was apparently offended. Four thousand copies of "Superman" were seized, and the attorney general brought charges against Mr. Cid that could have earned him a jail sentence of two to five years.

Mr. Cid does not deny that he is politically biased. He has been a militant member of Mr. Sa Carneiro's Social Democratic party, and he has used his wit to further his party's aims and try to discredit its main adversary, Mr. Eanes.

With the charges from "Superman" still hanging over him, Mr. Cid brought out a second book of cartoons lambasting Mr. Eanes. He called it "Eanito: El Estatico" ("Little Eanes: The Static"), and he depicted Mr. Eanes as a bull-fighter with a *quadrilla*, or entourage, of Socialists and Communists who is finally run out of the ring by the crowd. Mr. Cid dedicated the new book to Mr. Eanes, who, he said, had "shown such spectacular enthusiasm" for the previous book "that he had acquired 4,000 copies."

The cartoons were intended to help keep Mr. Eanes from winning the 1980 presidential elections; they didn't. Mr. Cid, however, had the consolation of winning the court case over "Superman," though he never got back the confiscated copies.

Accusations

Just before the elections, Mr. Cid's political idol, Mr. Sa Carneiro, was killed when his small plane crashed shortly after takeoff at Lisbon. The official report said the crash was due to poor maintenance of the plane and to pilot error. Mr. Cid said it was sabotage.

Using as his pulp the newspaper "O Diabo" ("The Devil"), for which he is cartoonist, Mr. Cid has accused Mr. Sa Carneiro's success-

or, Francisco Pinto Balsemão, of not interesting himself in the accident, and he has declared that rest of the press is being silenced about it.

Mr. Cid, "O Diabo" editor Vera Lagoa and a small group of others plan to recreate the takeoff in a small plane under conditions similar to those that led to the crash, to try to prove their theory. The Social Democratic Party is strongly against the plan. "It is strange having to fight against my own party," Mr. Cid said.

Advertising Agency

When the cartoonist is not engaged in political battles, he helps run an advertising agency that he owns with three partners. He is the creative editor — thinking up ideas, drawing and doing a bit of photography. He has no other book planned, and said he does advertising because there is not enough money in being a cartoonist. "The situation of artists is very bad in Portugal. There are only a half-dozen cartoonists. They all have to do something else to survive."

Mr. Cid was born in the Azores, and attended boarding school in Lisbon while his parents worked in Africa. He won an art scholarship to Laguna Beach High School in California. Back in Lisbon, he spent three years at the Lisbon Art School studying sculpture.

'Spiritual Anarchists'

He began his career as a cartoonist after being drafted into the



Cartoonist Augusto Cid

army to serve in Portugal's African territories. He published "O Que Passa No Frente" ("What Goes On at the Front") with cartoons depicting the soldiers' life in Africa. It was an immediate success.

Mr. Cid considers cartoonists "spiritual anarchists." He said they are observers rather than participating entertainers.

When a reporter from a local newspaper recently asked him if he would like to be president, Mr. Cid said he would not mind it for a month, to be able to break down all protocol.

He imagined getting off a plane during a state visit in formal dress but wearing a parachute, or reviewing the troops on roller skates. He imagined going on the evening news show and telling jokes about what happened in the palace during the day, or sending a full contingent of splendidly dressed National Republican Guards to the pastry shop around the corner from the palace for a cupcake.

"The only reason I have not run for president against Eanes on such a platform," Mr. Cid told the reporter, "is that I'm afraid I might win."

—MARTHA de la CAL

Evora: Lisbon's Royal Predecessor

By Vicky Elliott

EVORA — There are not many cities in the world that time has left intact, but there is one in Portugal: Evora, capital of the Alentejo, as sufficient unto itself as Venice and Toledo.

Under the kings of Avis in the 14th and 15th centuries, Evora was a bustling center that supported a population of 100,000 on the produce of the great plain beyond the Tagus (*alem Tejo*). Portugal's granary and breadland, its Manuelic court welcomed humanists from all over Europe, and the Renaissance spread from there to the rest of the country. It was there that Alfonso V decided to conquer Morocco; that Vasco da Gama received orders from Manuel II to sail with his fleet to the West Indies. This was the backdrop for riots, intrigue, decapitations and royal matchmaking.

Made for Strolling

Today Evora hides behind its medieval walls, a small market town of 26,000. Half a day's ride out of Lisbon, it has a dozy, peaceful atmosphere made for leisurely strolling. The businesslike little Renaults parked in the residential streets are a sign of comfortable prosperity, but do not intrude. Evora is all of a piece, and the well-proportioned facades of its houses have a frank, open look that seems to sum up the deeply civilized nature of the Portuguese themselves.

Its inhabitants are sober and restrained, the men and the youngest children in the characteristic three-tiered Alentejano cape, and the older women in all possible permutations of black: black crochet on black knitting on black acrylic on black rayon.

As a counterpoint, the nights are particularly bright when the moon is out. Through the freezing winter and the broiling summer (a local proverb reads: "What keeps out the cold, keeps out the heat"), Evora is a magnet for moonlight, which bounces off its white house fronts and the miraculously preserved Roman temple to the goddess Diana.

The Romans knew Evora, as they called it *tho* — Augustus or Octavius christened the city Liberalitas Julia. Their shrine to Diana is next to the cathedral on the city's highest point. The temple was later walled up, to serve its turn as a fortress, and as the local slaughterhouse, until its graceful, fluted columns were dug out early this century from their matrix of brick.

Next to the temple stands one of the best *posadas*, or rest houses, in all Portugal, the former Convento dos Loios, now transformed into a magnificently comfortable post house, a showcase of traditional arts, with rooms for roughly \$40 a night. Its dining room, where one can sample classical Alentejano recipes, such as *porco alentejano*, a dish of pork fried with clams, is disposed round a cool loggia. A pair of twisted barleysugar columns of obviously Moorish influence remain as one of the few traces in the city of the Moorish occupation, which came to an end in the early 12th century.

The *praca do Giraldo*, Evora's main square, with its imposing Quinhentista fountain, commemorates Gerald the Fearless, a feckless robber baron who, according to far-fetched legend, won the city back from the Moors single-handed in 1165. After scaling the walls with a ladder of lances hastily roped together, he jumped 20 feet from the

ramparts into the stronghold and managed not only to kill off both a watchman and his teen-age daughter but make quick work of the opposition.

In the 16th century, Evora became a Jesuit center and suffered the Inquisition — in a milder form than in Spain, insofar as less blood was spilled. One of the city's more gruesome relics is the Chapel of the Bones in the Convent of Sao Francisco, an ossuary flanked by inscriptions that grin: "Our bones are waiting for yours."

Richly Painted Tiles

The effect is leavened by the abundance of *azulejos*, the richly painted tiles in blue, white and yellow, of which Evora has a particularly fine sample. The collection on the walls of the university is said to be among the finest in Portugal — but some of the Bible scenes depicted were so racy that teachers preferred to mask them with desks and blackboards.

The marquis de Pombal closed the university in 1759, but Evora's greatest days were already over. The university was only reinstated in 1975. Its library, by Diana's temple, still guards 500,000 books. Thousands of parchment-bound volumes lie worm-eaten behind chicken wire fences.

Evora, upstaged by Lisbon, retreated into sullen provincialism. But in the heady aftermath of 1975, it woke up from its torpor to play a vocal part in the great debate on agricultural reform. Farmers from the surrounding countryside came to claim their due, and walls were plastered with graffiti demanding the right to work the land.

Central Bank: Loss of Some Power in Sight

LISBON — Under the combined pressures of forthcoming membership in the European Economic Community and a government reform program under discussion, Portugal's conservative central bank is going to lose some of its traditional power as arbiter of the money sector.

The Bank of Portugal has long reigned over the banking system, but there was a time, especially in the post-revolutionary upheavals, when its circumspice housekeeping was virtually all that stood between the country and bankruptcy.

In recent years, however, as the country faces the need for rapid economic expansion (in a world with deep economic problems), the tight control the bank exercises on financial policy has been criticized.

The central bank not only has the classical functions of an issuing house but also oversees and manages the banking sector, a task performed by a separate entity in some countries — one that the Portuguese Ministry of Finance is likely to take over if the reforms are approved.

only inhibiting factors in Portugal's financial system. The state banks, although recently authorized to increase their capital, in some cases by as much as three times the present level, are far too small to compete with the international giants. The government is preparing to merge several of the smaller banks, but apart from creating larger institutions, there will also have to be a dramatic alteration in attitudes and approaches to banking, which are bogged down by bureaucracy and inefficiency.

As the annual report of the Banco Pinto e Sottomayor pointed out, Portugal is at the bottom of the EEC banking league. To reach comparative levels, the local banks must grow between 102 percent and 329 percent. The banks, the report continues, generally have twice the EEC average number of employees, coupled with the lowest profitability per employee (\$47.2 against West Germany's \$15,824 and Britain's \$13,690). The report concludes that, "without a metamorphosis in the system, it will be hard to survive against open competition from our European partners in the EEC."

The international institutions like Chase Manhattan, Barclays and Bank of America are poised to take larger shares of the wholesale banking market once restrictions on foreign banks are modified. There is also a new interest in para-banking operations, known as investment companies, which several wealthy Portuguese former bankers have set up in an offensive to the banking sector.

The Bank of Portugal, always circumspect about uncontrolled foreign capital investment, is lobbying heavily for a three-year transition before complying with EEC regulations on capital transfers. But Brussels opposes this.

Tied to this is the need to open the banking sector to private enterprise in terms of the Treaty of Rome clauses against discriminatory practices. Lisbon faces the problem of a constitutional block on denationalizing the banking sector, taken over by the leftist post-revolutionary regime in 1975. The constitution is due for revision this year. Meanwhile, the conservative government has a bill before the parliament to redefine the public and private sectors in a move to break the state monopoly on banking.

The bill has been rejected three times by the Council of the Revolution, a constitutional watchdog, and the present initiative may be rejected as well.

—KEN POTTINGER

Stock Exchanges

Mr. Vilar, stressing the importance of the capital market, said, "We are cooperating with the government in this venture as a way of financing internal deficits and reducing the central bank's role in the system."

The growth of the capital market will also be helped by plans to revitalize the Lisbon and Oporto stock exchanges. Share movements are spectacularly flat because, with the revolution in 1974, the exchanges were closed, the best-quoted companies nationalized, and the boom of the previous year dramatically halted. Thousands of people lost their savings or found themselves with huge bank debts, and it will take some time for investor confidence to be restored, some bankers feel.

Furthermore, a lack of attractive stocks plus the absence of any mechanism for nationalized banks to operate in the share market means that there are no unit trusts or bank-managed issues of private enterprise in share capital.

These shortcomings are not the

Policy Defended

While some commercial banks criticize the central bank for its tight hold on operations — and thus profitability — by close monitoring of the credit levels that each bank is obliged to maintain, the bank defends the policy as vital for long-term economic stability.

Nevertheless, the policy is being fundamentally re-examined because of the need to create an open internal capital market, reconcile the state monopoly on banking (and insurance) with EEC regulations, and create banks large enough to compete with the European and U.S. giants.

On the capital market question, the Bank of Portugal has until now underwritten the state deficit by issuing treasury bonds and acting as an agent for Portugal in foreign

Contributors to This Supplement

KEN POTTINGER, who coordinated this special supplement on Portugal, is a British journalist who has been based in Lisbon for the last seven years. He is a regular contributor to the International Herald Tribune and its special supplements. Besides other international media, he corresponds from Portugal for the British Broadcasting Corp., Newsweek magazine and the Canadian Broadcasting Corp.

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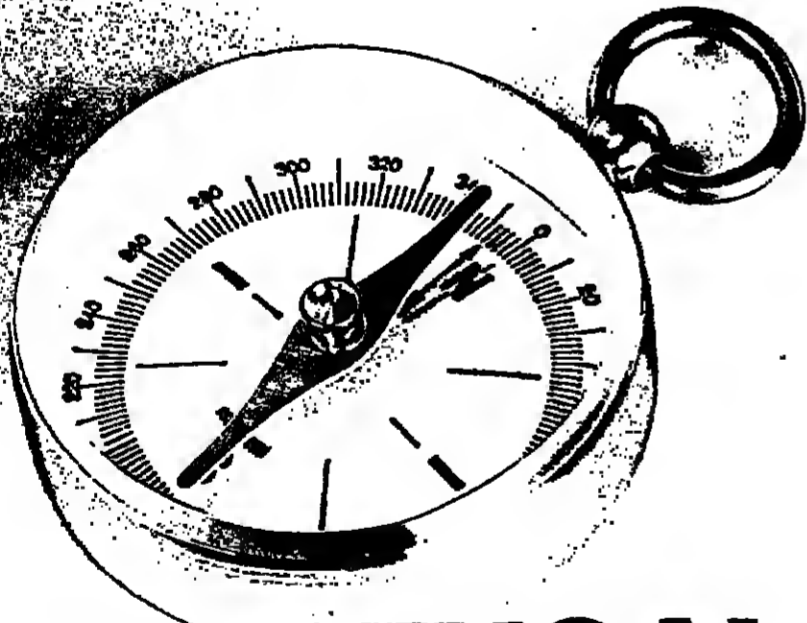
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PORTUGAL



Joao Coelho Nunes

An Image-Maker

LISBON — Whatever image Portugal's 6-month-old conservative government has in the country today, it is thanks in large part to the efforts of Joao Coelho Nunes, a onetime insurance salesman now responsible for marketing the Portuguese premier and his government.

Mr. Nunes' job is considered vital by Premier Francisco Pinto Balsemao, the first Portuguese government leader to employ a full-time marketing executive.

What is the officially designated "assessor for marketing in the premier's office" selling? Basically, the government and its policies. Mr. Nunes says his job is to convince the Portuguese that, for the first time in 13 administrations, they have a government capable of solving their problems. He must also create a clear image of a government that intends to last out its four-year term, a novel idea in democratic Portugal.

As a former executive in the Post Office administration, Mr. Nunes is also concerned with creating corporate images for state institutions that will project the idea of a Portugal bound for membership in the European Economic Community.

He says that his task extends beyond the frontier: "We need to project the Democratic Alliance to its fellow European governments,

and Portugal to its future Common Market partners."

In this regard, he will be stressing the nation's strategic position on Europe's and its vital Atlantic island possessions of Madeira and the Azores. Language affiliations with Brazil and the former African colonies, especially Mozambique and Angola, are another selling point.

— KEN POTTINGER

Portugal's Gypsies Still on the Outside

By Carole Garton

SINCE THEY mysteriously appeared in Europe in the 15th century, Gypsies have been threatened with severe penalties, including death, unless they abandoned their foreign customs.

But nowhere have these descendants of Asian nomads thrived as well as in the Iberian Peninsula, despite constant harassment by the state and individuals.

The Iberian Gypsies, like the others, have survived off their wits. Tinsmithing and basket-making, their only crafts, are dying out. At country fairs all over Portugal and Spain, the men handle most of the buying and selling of livestock. They are past masters at the cruel art of fixing up old nags, at least for the duration of the fair. They are also persuasive salesmen, who often act on behalf of less eloquent peasants in market transactions.

But trucks, tractors and motorbikes are replacing horses and donkeys, and seasonal fruit-picking is no longer

enough to sustain a semi-nomadic lifestyle. So younger generations of gypsies are wandering into Lisbon, Madrid, Seville and other cities to join the members of their families already living in shabby suburbs or the urban underworld.

There, the men hawk "gold" watches to the unwary, and clothes factory rejects to the unfastidious. The women are consummate street vendors, and they also engage in fortune-telling and the making of magic potions.

Only married women, some with babies in their arms and children nesting in their long skirts, are allowed to look for business. An old-fashioned concept of honor is tenaciously upheld by the Gypsies. Young, unmarried girls are constantly watched, and a tribe will seek terrible vengeance if it believes that the code has been breached.

The 90,000 Gypsies in Portugal and the 600,000 in Spain belong to a branch of North Indian emigrants that split from the main group as it approached the Mediterranean in the 14th



Iberian Gypsies: Surviving in an age of change.

century. While the others continued into Eastern Europe, they traveled across North Africa and entered Spain at about the same time that Moslems and Jews were being ordered out unless they converted to Christianity.

The Gypsies were quick to embrace the church, and in this way they fared a lot better than the Jews and Moors, whose civilizations in the peninsula were systematically destroyed as the Christians reconquered the area.

Although Col. Cody, better known as Buffalo Bill, declared, after visiting Gypsies in Southern France, that they were related to the North American Sioux and Iroquois,

researchers have proved their origin in India. Whether they are Portuguese Ciganos, Spanish Gitanos, French Gitans, Russian Rom or Hungarian Tziganes, their taboos, customs and what remains of their language link them to the Indian subcontinent.

The Gypsies have been better integrated in Spain than in Portugal. Some of Spain's best bullfighters, flamenco dancers and musicians are Gypsies. Besides inspiring so many Spanish poets, composers and painters like Garcia Lorca, De Falla and Romero de Torres, the Gypsies have fascinated artists of other countries such as Verdi, Prosper Merimee and countless others.

Balsemao: Development Will Counter Communists

By Harry Debelius

LISBON — Constitutional reform was a key plank in the platform of the Democratic Alliance coalition under the leadership of Francisco Sa Carneiro, who died in a plane crash last December, and it was taken over wholeheartedly by Premier Francisco Pinto Balsemao when he took office as the leader of the center-right government last January.

The left-leaning constitution, which reflects the upsurge of Communist influence after the so-called carnation revolution of 1974 that followed a half-century of rightist dictatorship, has been getting a lot of attention this year.

Mr. Balsemao expects little serious opposition to the government's constitutional reform program, and he argues that the principal opposition party, the Socialists, led by Mario Soares, have hardly any choice other than to go along with the reform if they expect

to retain the confidence of their electorate.

Discussing such matters as the government's economic and social programs and constitutional reform, in his austere modern office in Lisbon, the Social Democratic premier said: "The better we develop the country, the less opportunity the Communists have." He added, "Defeating the Communists is really a question of giving the people better conditions for living, for work and for leisure. It's not a question of fighting only on political terms."

'Our Own Rules'

Asked how much of his constitutional reform program he expected to get approved, he said, "It depends on several factors. First of all, we are not disposed to negotiate at any price. We have our own rules, let us say, and our own principles. . . . and those principles we have a right to respect. Secondly, we need a majority of two-thirds to change the constitution,

and so we need to negotiate and find some sort of agreement with the Socialist Party on some of the most important items.

"But by that I don't mean that the Socialist Party will be the referee of the constitutional revision. I'm sure that the Socialist Party is aware of the serious political implications if it refuses any essential change, because times are different now. We are ready for full democracy. That's what the people want. So, if the constitution, which is the fundamental law, is not adapted to reality, we run into danger, and the Socialist Party will not be the referee then, it will be the accused."

"If we don't change the constitution reasonably, according to the present reality, according to the principles and rules of democracy in the Western countries, the people will not forgive those who did not allow us to do it."

He continued: "There's a tendency now to say everything depends on the Socialists. That's very

easy to say, but I don't accept that. I think it's they who have to accept the reality and understand that there is a need for revising the constitution in some essential points, and it will be their responsibility to the country and to democracy."

"That is not to put all the responsibility on their shoulders. We are ready to negotiate, as I told you, but they should at least share this responsibility, which should not be the responsibility of just one party or one coalition. It's a national responsibility, especially of the democratic forces, and of course I consider the Socialists to be among the democratic forces."

Army Affected

The Portuguese Army, which led the 1974 uprising that overthrew the Salazar-Caetano regime, will be directly affected by the reform, since the powerful Council of the Revolution, made up of military leaders, is destined to disappear under the government's proposal. Yet Mr. Balsemao does not think

such a change will have disturbing results within the military establishment.

"The constitution was approved and voted on in 1975 and '76," he explained. "Historical conditions, political conditions, were then completely different from what they are now, so we feel that the constitution needs a deep revision. We are not speaking about a new constitution, we are speaking about deeply revising the current text."

"First of all, we should have a text which is adapted to the present social and political realities, and therefore a text which can be used, let's say, no matter who is democratically elected to govern. The present text is a programmatic one, in the sense that it points toward only one ideological option: It speaks of the transition to Socialism. For instance, it declares all the nationalizations made up to now to be irreversible."

"Secondly, the structure of political

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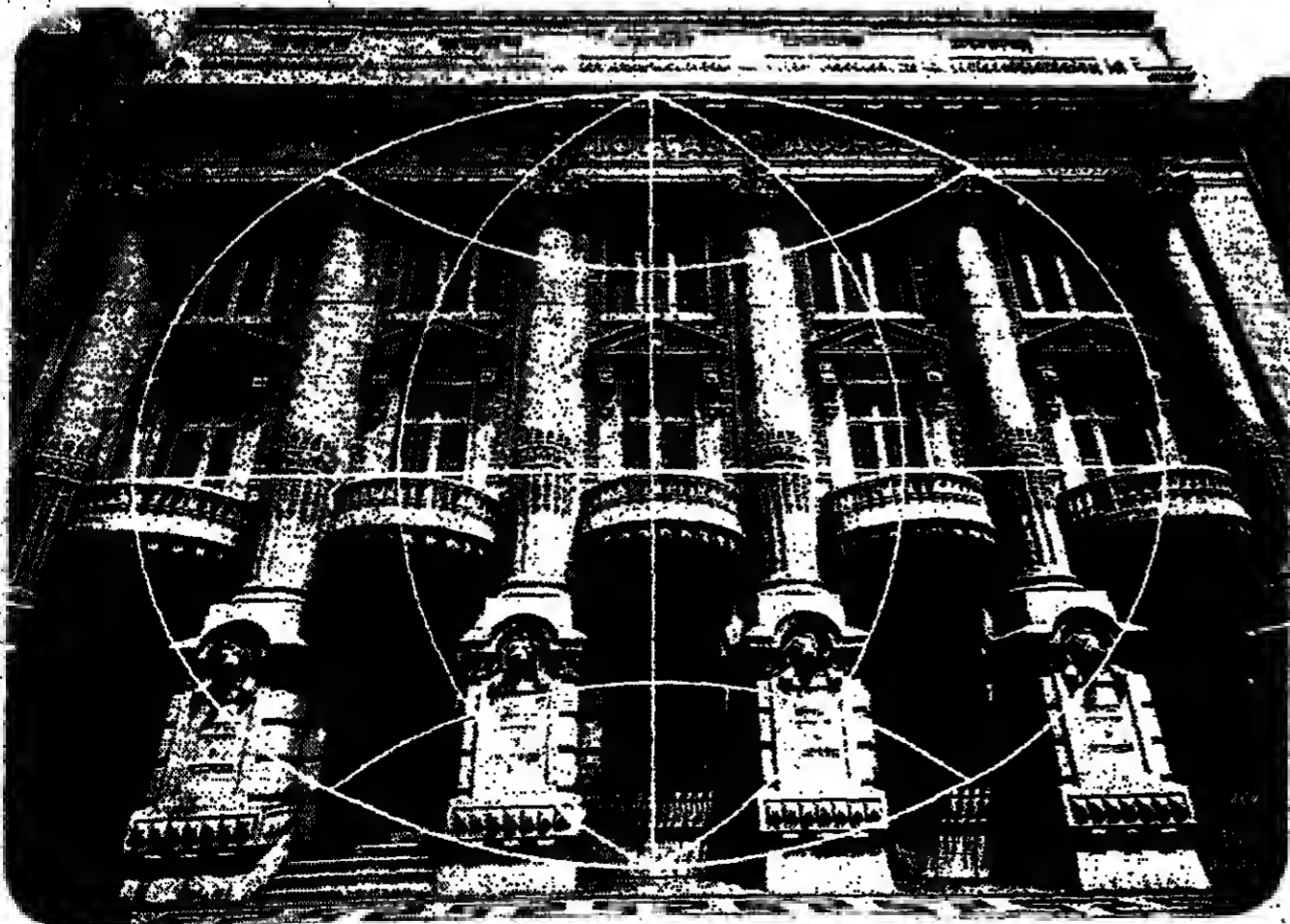
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(Continued on Page 145)

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Algarve: Exotic Farming In 'Garden of Portugal'

THE ALGARVE, with its benign Mediterranean climate, is known as "the garden of Portugal," and it is dotted with small holdings belonging to Portuguese and foreigners who grow and market "exotic" or comparatively rare, varieties of fruit and vegetables.

These include plump, glossy strawberries; asparagus; cantaloupe and watermelons; Israeli lemons; avocados; raspberries; watercress; grapefruit; passion fruit and green celery. Most of this produce goes to leading restaurants in Portugal or to the homes of well-to-do expatriates. There is virtually no export trade.

Geoff Barter and his wife, Joan, came from Britain to Portugal in 1970 and have gone successfully into market gardening. "We had no family commitments in England," said Mr. Barter, a trained agriculturalist. "Additional land for market gardening was hard to buy or rent. We felt we wanted more living — or earning — space, and a warmer climate."

On their land at Ludo, near the Algarve capital of Faro, the Barters grow in seasonal rotation strawberries, melons, asparagus (which brings more than \$1 for a small bundle), green peppers, giant cauliflowers and Brussel sprouts at Christmas for Britons in Portugal who insist on having this traditional vegetable with their turkey.

"We have to work hard for long hours, but we make a comfortable living," Mrs. Barter said. "What will be the most profitable crop is always something of a gamble — depending, of course, on supply and demand. One year it's strawberries, another year it's melons."

Both Portuguese and foreigners who take up market gardening can obtain agricultural bank loans. The rates of interest vary from year to year, but currently they stand at 12.25 percent for less than a year, and 13.25 percent for a year or more.

Ian Sewell of Almansil in the Algarve, who has switched from market to landscape gardening, said: "Naturally, the Portuguese get these short-term loans more readily than foreigners. But, whatever your nationality, you have to prove profit potential, provide regular reports in the progress of your two acres of tomatoes or what-have-you, and produce invoices to the bank manager from time to time."

"Once you've got going with the 'exotics,' there are more complica-

tions and hang-ups than you'd find, say, in the United States or Britain. Take the markets for the Portuguese themselves. With a low-income population of some 10 million, these are small and conservative. For instance, the average Portuguese won't buy green celery. It's like trying to sell green asparagus to a Frenchman. He only wants the color he knows — white. The Portuguese, as a rule, won't eat grapefruit, or *toronja*. It's just not their idea of a good fruit — something sweet and rather sickly. They prefer to make marmalade out of it.

"And avocados are dicey. They are susceptible to frost, and tend to ripen at the wrong time — when there are very few tourists about. But a number of Portuguese in the Algarve are now going into growing them on a big scale, in view of the high prices they can command."

Breaking Ground

While some enterprising Algarve families are busily cultivating carob trees because of an increasing demand for the nutritious beans, two foreigners — an Italian and a South African — are breaking ground with widely different fruit ventures.

Grillo Coleguezosi is determined to establish the Algarve's first pineapple plantation, on 20 acres of a hillside overlooking rice fields at the village of Odeate, near the fishing port of Lagos. "Although pineapples are strictly tropical fruits, the soil and climate of this corner of Portugal are perfect for their production," he said.

Mr. Coleguezosi set up a major pineapple-growing business in the former Portuguese territory now called Mozambique, and his company, Anazol, has imported 350,000 young pineapple plants from the Ivory Coast and invested 18 million escudos in the Algarve experiment. The plants are being raised under strips of plastic sheeting.

At Tavira, 65 miles along the coast from the pineapple plantations, South African-born Sherril Wiltshire is growing 1,500 seedless lemons and 400 passion fruit plants in the hope of setting up local and export markets. She has a Portuguese farm manager. "Passion fruit... is practically unknown in Portugal," she said. "Its sweet and subtle flavor makes it ideal for cool summer drinks, in ice cream or simply as a somewhat new and delicious dessert fruit."

—ERIC ROBINS



Maria Teresa Horta

Maria Teresa Horta: Time Left for Poetry and Causes

LISBON — Just before Portugal's revolution in 1974, Teresa Horta gained fame as one of "The Three Marias" — three Portuguese women writers who collaborated on "Novas Cartas Portuguesas" ("New Portuguese Letters"), a book of poems, essays and stories that the dictatorship considered pornographic and politically dangerous.

All copies of the book were confiscated under the strict censorship laws, and the authors — Maria Teresa Horta, a poet; Maria Isabel Barreno, a novelist; and Maria Fátima Velha da Costa, a social essayist — were brought to trial.

The cause of "The Three Marias" was taken up worldwide by feminists, who flocked to Lisbon for the trial. The three are militant feminists, but their principal motive for writing the book was political. They were determined to strike out against the dictatorship and its censorship of writers — particularly women writers.

Before they were sentenced, the revolution came. Under the new democratic laws, they were acquitted. "The Three Marias" broke up, however, amid a great amount of bitterness. Only their common political fight had held them together. Said one of them later, "To write a book together is to become a three-headed monster."

Women's Marches

Teresa Horta and Isabel Barreno founded the Portuguese women's liberation movement shortly after the revolution. They were joined by women lawyers, doctors and other professionals. At that time, Portugal's laws still gave absolute control of wives, property and children to men. Ms. Horta and Ms. Barreno led women in marches on the presidential palace and in picketing government ministries. They stopped the 1974 Miss Portugal pageant by threatening to overrun it and set loose a flock of chickens.

By 1975 the women's movement had come under the control of women from labor unions and the Socialist and Communist parties. When Ms. Horta attempted in Lisbon's Eduardo VII Park to stage a ceremonial burning of brassieres and other items seen as symbols of women's repression, she and her followers were attacked by crowds of women and men yelling, "Get the bourgeois capitalists!"

Ms. Horta came to believe that that type of feminist protest was indeed "bourgeois and elitist." She joined the Communist Party in 1975 and was named a member of the national council of the Communist-oriented Women's Democratic Movement.

Since the 1974 revolution, she said, "women are much better off. The new constitution and civil code have given us equal rights."

she believes, however, that it will take at least two generations for these to be put fully into practice. "Women in cities and factories have equal rights and salaries, but those in the country are still living in conditions out of the Middle Ages."

Ms. Horta published her first post-revolutionary book of poems, "Women of April," in 1978. The poems depict the common struggle of women during the revolution. For a time she was editor of the literary supplement of *A Capital* newspaper. Three years ago she was asked to set up and edit Portugal's first women's magazine, *Mulheres* (Women).

Ms. Horta is collaborating with former Premier Maria de Lurdes Pintassilgo on a book about Miss Pintassilgo — a left-leaning Catholic activist who was the prime mover in the enactment of equal rights laws in Portugal — that is expected out in November. She is also working on a series of short biographies of outstanding Portuguese and foreign women, called "Women, My Sisters," and she is planning a book on violence against women in Portugal.

Yet she still finds time for her poetry, and she has gone into psychoanalysis. "I believe that psychoanalysis can help women to understand themselves and society and why they are oppressed," she said. She decried what she sees as a negative influence on women by Freud, but defends the ideas of the American psychoanalyst Melanie Kline.

—MARTHA de la CAL

Tourism: New Look At Unspoiled North

LOCOMOTIVE No. 151 and the venerable carriages it pulls are a unique attraction in Portugal's little-known north. The roads twist like question marks and the narrow-gauge railway tries to emulate them in this land where the little farms, with their high-trellised grapevines, look more like gardens.

The Historical Train is available only by charter. It puffs up the lovely Douro Valley, sometimes reaching the breakneck speed of 30 kilometers an hour, rattling through the vineyards that produce the grapes for port wine, past ancient farmhouses and flowery orchards.

The steam engine was built in Esslingen, Germany, in 1886, in the workshop of Emil Kessler; the cars it pulls, with their lace curtains, cut-glass windows and inlaid woodwork, all have about the same age. The train was lovingly restored in 1971, and it is maintained with the kind of care that only old train buffs can feel for steaming relics.

Tourism officials are paying more attention to the possibilities of the north. It is a land of softness despite the rugged mountains, quite unlike the sun-soaked south. The Secretariat of State for Tourism is talking about bringing a tide of visitors to the area, but the nostalgia lovers and the ecologists can rest easy. The authorities say that they do not want to bring in so many vacationers that they risk destroying the scenery.

Small Hotels

A four-year plan calls for the construction of a number of small hotels in the beautiful mountains and valleys, plus a new freeway with financing from the European Economic Community. The old roads will remain because of their charm, and the administration says that the region will continue to be one of the most unspoiled parts of Western Europe.

In the meantime, travelers who want to be first at the "in" places can start booking as houseguests at private villas and farmhouses under a new government plan, the details of which will soon be available to travel agents.

For those who prefer not to venture beyond the places where they can stay in good hotels, there are plenty in the cities and towns of the Costa Verde and the Costa de Prata: Viana do Castelo, a city famous for its handcrafted lace and with more than enough churches dating from the 15th and 16th centuries to keep amateur readers of ancient inscriptions busy for a month of Sundays; Ovar, a beach resort set among cork and pine trees that is one of the best vacation bargains in Europe; Povoia de

Vazem, a fishing village where they really still fish but in the shadow of a new 15-story beach-side hotel, the Yemgar Dom Pedro, that is as tastefully modern on the inside as it is dull modern on the outside; Oporto, the city whose name is known around the world because of the wine; Aveiro, "The Venice of Portugal," with its lagoons, its canals and the twisting arms of the delta of the Vouga River; and Fátima do Fox, where a meal of shellfish is reason enough to make the detour.

Places of lodging are not abundant in the interior, but they often have a charm that the new hotels cannot match. There are 11 *posadas* (state-run inns) in the north, often in historic buildings.

It is hard to conceive of a place with lovelier surroundings than the 10-room Sao Bento Posada in the Paneda-Gres National Park, overlooking the chain of lakes along the Cavado River and the forests.

The traveler who likes to stay off the beaten track can strike out by car on the roller-coaster roads of *Tras-os-montes*, the mountainous hinterland where every turn brings a new surprise, whether it be a superb view or a middle-of-the-road mule. The weary driver is rewarded at the end of the day by the simple but outstanding local dishes in places like Sepiães, near the hill town of Chaves, where the trout and ham, washed down with red or sparkling wine from the Dao district, are a memorable experience. There is opportunity for relaxing, too, in dozens of spas, most with fine, old-fashioned hotels.

Then, too, there are the hostries known as *estalagem* in most of the largest towns, and some are extremely comfortable. Some, like the Estalagem do Cacador (Hunter's Inn) in the mountain crossroads town of Macedo de Cavaleiros, are so "old Portugal" you cannot believe they are for real.

There I sipped an old *aguardiente*, a Portuguese brandy, in the lounge after a dinner during which four women waited solely on my table.

Under a brick-red painted ceiling, the big-screen color television set rested on a polished wooden plank against a backdrop formed by a large and elaborate tapestry of a hunting scene.

I went upstairs to my balconied, high-ceilinged room and climbed into the old-bronze bedstead, thinking of how the Portuguese, with the remarkable sense of universality that made them integrate themselves in their colonies, had instinctively embraced the household deity of the 20th century, the television.

—HARRY DEBELIUS

Strains in the Continuing Rush South

By Eric Robins

MORE THAN 60 percent of the 7 million visitors to Portugal last year came to the Algarve, creating strains on the province's weak and outdated facilities.

The flood of German, British, Dutch, Scandinavian and American vacationers into a region unknown to international tourism less than a couple of decades ago was swollen by tens of thousands of Portuguese from Lisbon and the north.

Portugal's tourist trade — which is based on abundant sunshine and a low cost of living — is said to be the fastest-growing in Europe, but the problem is whether the Algarve's public services can cope with the increasing seasonal demands.

Ana Caldeira, the director of promotion for the Algarve Regional Tourist Board in Faro, thinks that they can — given time. "There are 16 local councils or *camaras*, all proudly independent since the 1974 revolution, in the Algarve,"

she said, "and they all have their own views on helping to finance tourism out of their coffers, and on how to deal with the various issues it creates."

Coastal Cleanup

They are currently agreed, however, on tackling one of the priorities: a cleanup with a kind of giant vacuum cleaner of the beaches and coves along the province's 120 miles of rugged Atlantic coastline. "We're getting two more of these machines so there will be one for every 40 miles of beaches," Ms. Caldeira said. "The three casinos on the Algarve are giving the municipalities a percentage of their profits to pay for the extra beach sweepers."

The *camaras* are to create many more camping sites along the coast — with water supplies, sanitation and other facilities — to absorb the increasing numbers of youngsters with backpacks (the Portuguese call them "small") who come for cheap vacations. And, a municipal official said, "all the local councils are going to enforce

their bylaws and forbid camping outside official areas."

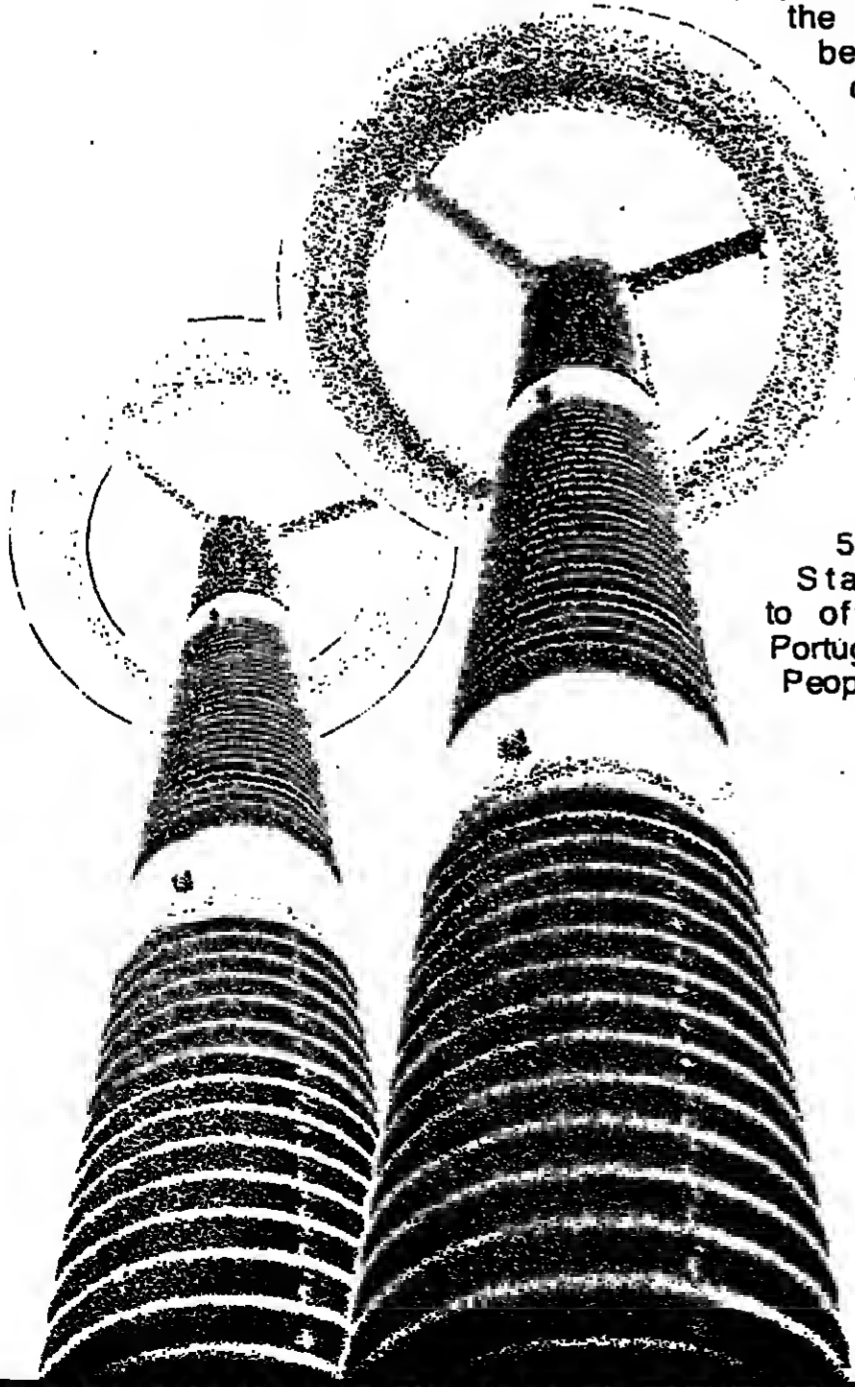
The Algarve is also strictly controlling the speculative building of high-rise hotels, towering condominium blocks and so-called vacation villages. "The Algarve may have made a few mistakes in this sphere in the past," Ms. Caldeira said, "but building regulations — and these include the preservation of green zones — are being firmly applied. The government seems determined there will be none of those hideous concrete jungles you find on some of the holiday coasts of Spain."

The vacation season of June through September, when the population is much increased, taxes the region's electricity supply. Scheduled and unscheduled blackouts are frequent and frustrating. "This has gone on for too many years, and the problem must be solved," Ms. Caldeira said. The Algarve's water supply is another seasonal headache. And sanitation is "chaotic," admits Colleta Cunha, president of the Algarve Sanitation Commission.

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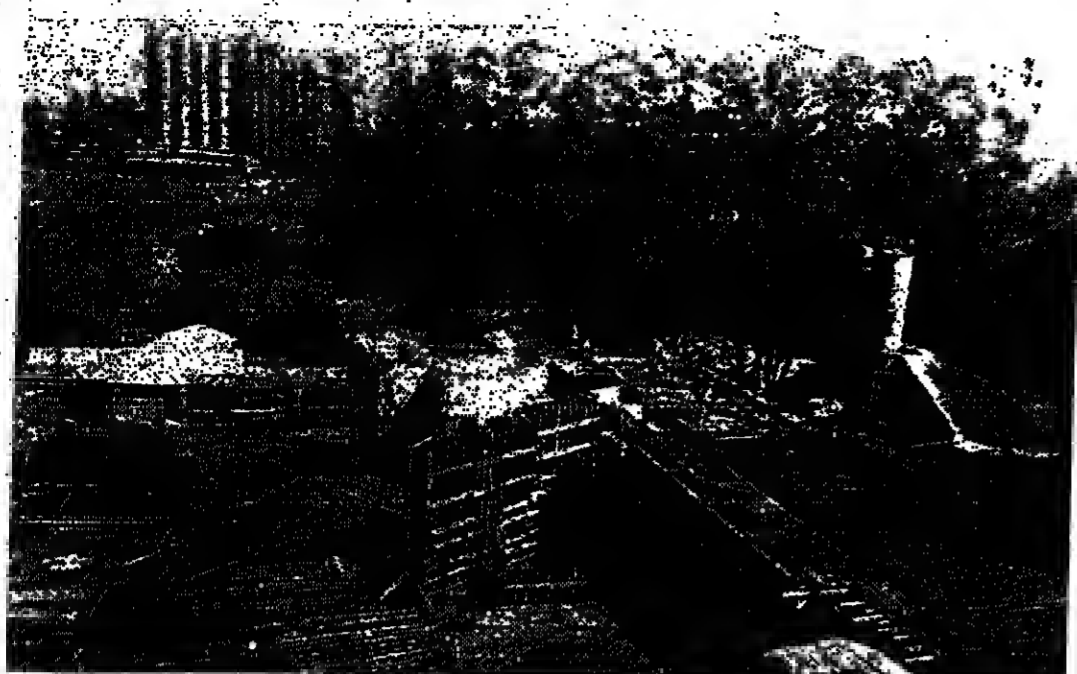
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Atlantic Islands: NATO Seeks Wider Facilities



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LISBON — Portugal's Atlantic islands are assuming an increasingly important role in U.S. and NATO military strategy, and military planners are pressing for a major expansion of air and naval facilities.

The Azores, about 1,000 miles west of Lisbon, form a mid-Atlantic stepping-stone vital to Western defense. The U.S. air base at Lajes on Terceira Island is a crucial refueling point for airborne forces moving rapidly from North America to the Mediterranean, the Middle East or the Gulf.

Recognizing its importance, the Reagan administration has asked Congress for \$51.4 million to beef up Lajes in preparation for handling the planned U.S. Rapid Deployment Force. U.S. officials in Lisbon say that this represents only half the planned spending on the repairs and improvements to the air base during the next five years — including resurfacing the main runway, taxiways and apron, modernizing navigational aids, building extra fuel tanks, and improving the neighboring U.S.-built harbor.

Lajes is surrounded by a network of underground supply areas whose contents can be airlifted to any transatlantic spot within hours.

Short-Range Fighters

Since Lajes airfield was built by the British during World War II, it has also been used as a refueling point for short-range fighter aircraft being ferried across the Atlantic.

The airfield's third main function is to serve as a base for P-3 Orion maritime surveillance planes patrolling 2.5 million square miles of the North Atlantic. EA-3B electronic warfare aircraft are also stationed there, along with units of the Portuguese Air Force.

The facilities at Lajes are leased to the United States under a five-year agreement signed in 1979. Special operations involving countries outside the NATO area require prior approval by the Portuguese government. In return, Portugal is receiving \$140 million worth of aid, of which nearly half is for military purchases.

NATO is anxious to boost military facilities elsewhere in the Azores, which Portuguese President Antonio Ramalho Eanes recently described as "a pillar of support in the defense of Europe." NATO is considering the island of Santa Maria, whose excellent landing ground is used as an alternative

has a submarine listening post on Santa Maria and is eager to see the island equipped with a deep-water port.

In 1975, when a Communist-backed government held power in Lisbon, Santa Maria was used as a refueling stop by Cuban planes carrying troops to Angola. A pro-U.S. Azores separatist movement flourished at the time, but withered into insignificance after the Communists were removed from power and Portugal completed its transition to parliamentary democracy a year later.

The democracy born of the 1974 revolution stabilized, and with the opposition Socialist Party as staunch a supporter of NATO as the ruling center-right coalition, Portugal is judged ripe for military investment.

Last year, NATO paid 25 percent of the cost of repairing the breakwater of the Azores' main deep-water port at Ponta Delgada on Sao Miguel Island. It is frequently used by NATO ships pa-

trolling the North Atlantic, and the alliance aims to establish a regional command center on Sao Miguel.

NATO also wants to improve port facilities on two other islands — Faial, where new fuel tanks were installed last year, and Flores, where France operates a missile tracking station whose existence was kept secret until 1978.

Of growing interest to the alliance is another Portuguese archipelago, the Madeira Islands, 550 miles southwest of the Portuguese mainland. Madeira guards the southern approach to Europe and the Strait of Gibraltar. It is also the southernmost point of NATO territory.

The so-called Portuguese triangle between Madeira, Lisbon and the Azores covers the world's most intense concentration of shipping routes.

Madreia, the main island in the group, is unsuitable for building major sea-naval facilities, being

mountainous with a steep rocky coast, but its small neighbor, Porto Santo, offers more favorable conditions. Intercontinental jets can touch down on Porto Santo's 2,440-meter runway, and a deep-water port capable of receiving 30,000-ton tankers is under construction. The Portuguese government is tight-lipped about military plans for Porto Santo, but NATO officials see the island as a possible aircraft carrier base.

The Communist newspaper O Diario said recently that NATO was contributing \$30 million toward the new harbor and would pay two-thirds of the cost of extending the airport runway.

Work to upgrade the airfield's facilities is in progress, but NATO sources say that plans for the alliance to fund public works on Porto Santo are still in the formative stages. Nevertheless, the leader of the Madeira regional government, Alberto Joao Jardim, has said that if NATO wants to use Porto Santo, the richer members of the alli-

ance will have to pay for infrastructural improvements.

Madreia has a potential role as a western bridgehead toward Africa and the South Atlantic. Porto Santo's airfield proved its value in this respect when it was used as a refueling stop for aircraft carrying Belgian troops to Zaire in 1978.

A growing military presence on the island could bring Portugal into conflict with the Organization for African Unity, which has not yet indicated whether it considers the Madeira archipelago to be a colonized African territory and therefore due for independence.

According to military sources, the United States is particularly interested in developing Porto Santo. Washington sees the island as a fallback base if its facilities in Morocco are ever withdrawn. The Spanish Canary Islands lie 300 miles to the south of Madeira, but Madrid has made it clear that NATO will not be granted military facilities there even if Spain eventually joins the alliance.

U.S. Ties: Costly Embassy Rises

LISBON — High on a mound near Lisbon's outskirts and backed by the wooded splendor of the city's Monsanto Park, the United States is building a \$13-million embassy complex.

Within the walls of a 12-acre former farm, Washington plans a four-story chancellery, a two-story consulate, and installations for the Military Assistance and Advisory Group, the U.S. Marine guard and a cafeteria. Existing structures, including a two-story manor house, a private chapel and formal gardens, will be retained and in some cases transformed.

The Quinta dos Pinheiros (pine farm) development is to be completed in the fall of 1982. Conceived three years ago, the compound, which will not house the residents, is a symbol of U.S. interest in Portugal. With 111 Americans and 125 Portuguese employed, the complex will also include a cultural and English-teaching center and the office of the U.S. Agency for International Development.

An embassy officer said the complex means that Portugal is a good deal more important to the United States than its land area or its trade figures would indicate.

Portugal is important to the United States partly because of its geographical position and its strategically vital Atlantic island possessions, which makes Washington eager to bind it firmly to NATO

and ensure that bilateral accords on U.S. facilities are maintained.

The present conservative government and its predecessor under the late Premier Francisco Sa Carneiro, made much of the Lisbon-Washington ties. Portugal was the first Western ally to heed former President Jimmy Carter's call for sanctions against Iran during the hostage situation in 1980, and was an early partner in the freezing of ties with the Soviet Union over the intervention in Afghanistan.

It was not always like this. In 1975, at the height of the revolution, the U.S. ambassador at that time, Frank Carlucci, was threatened by extreme leftists; a leading military commander, Maj. Otelo Saraiva de Carvalho, warned him to leave Portugal because his safety could not be guaranteed.

For two years, the United States maintained a low profile while Marxist-inspired revolutionaries rallied against American imperialism, multinationals and capitalist excesses. But things calmed down, and in the 1976 parliamentary vote, Mario Soares' Socialists were elected to form a minority government. Ties with the United States were slowly strengthened, and a vast aid program was set up to rescue the integration of 1 million Portuguese from the former colonies.

After six years, this program, carried out by the Agency for International Development, continues to be an important U.S. flag

bearer. The aid director for Portugal, Donald Finberg, is the only such U.S. government officer serving in a West European country. The fact that he is in Portugal, with a staff of 25, indicates the priority that Lisbon gives to development as it anticipates its entry into the European Economic Community.

Since 1975, the United States has made available \$757.7 million in concessionary grants and gifts to Portugal — funding about 150 construction projects on the mainland and on the Madeira Islands and the Azores — a significant contribution to the \$2.5 billion worth of aid that Western countries and institutions have given Portugal in the last five years.

But development also depends on the way the money is spent. "For Portugal really to make big strides in its economic development, the country needs intensive management training schemes for its private and public sectors," Mr. Finberg said. With this in mind, the U.S. aid program has set aside nearly \$11 million dollars for the "technical consultations and training" grant, which finances observation, consultation and training programs in the United States for Portuguese officials, and the services of U.S. consultants in Portugal. Since the program began, 400 Portuguese have been to the United States and 200 U.S. consultants have helped the Lisbon government.

—KEN POTTINGER

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PORTUGAL

Armed Forces: 'Silent Majority' Commands

LISBON — "If there is a successful military coup in Spain, our democracy will not survive more than 18 months — two years at most," said a leading member of the Socialist Party. This is a widespread feeling among Portuguese politicians weighing the implications of the unsuccessful coup on Feb. 23 in Spain.

A coup in Spain would indeed lead to an explosive political situation in Portugal, but seven years after the revolution the Portuguese military are far too disillusioned to storm the Lisbon parliament.

The Portuguese officers who lived through the revolution have been deeply humiliated. Whether of the left or right, they have seen their ideals trampled. "We did not command an army at that time. We had a bunch of clowns on our hands and were strangers within our own barracks," a major said. A colonel added: "Our commanding officer had a nervous breakdown and that is where I used to sit in the mess with a pistol by my side to cover the window."

The two officers were veterans of the African war showing a group of Western officers around their regiment.

The turmoil in the Portuguese armed forces in 1974 and 1975 encouraged successful movements for military reforms in other NATO countries such as France, Italy and the Netherlands, but there is nothing to recall the revolutions in Portugal's barracks today.

The Portuguese military were forced to do the dirty work of the old regime, fighting the African guerrilla movements in the colonies. After the revolution, they got involved in politics and brought the country to the brink of civil war.

If there is one thing that the officers are determined to do now, it is to restore Portugal's military credibility. They see this as the only way to make up for the loss of prestige they suffered both at home and abroad during the colonial wars and the revolution.

That — and the fact that, if Spain enters NATO, Portugal will lose a considerable part of its military leverage — is what is behind the present demands of Portuguese service chiefs that NATO give them new frigates, minesweepers, supersonic fighters, the latest tanks and modern air defense systems.

A Communist officer, who rose

to prominence during the revolution, gave the following assessment of the military's political loyalties: "About 80 percent of the officers are deeply conservative. Precisely because of that, they want nothing to do with the politics. All they want is to obey orders transmitted through the correct chain of command. The remainder are politically motivated and, within that small fringe, the left is probably in the majority."

Under the former dictatorship, the politically motivated right was in charge of the armed forces. After the revolution, it was the leftist fringe. Now the silent majority is in command. This majority knows the dangers of politics and blames the politicians both for having involved the army in the African wars and for having forced it to make a humiliating retreat from the colonies. The military are only just beginning to recover from their traumatic experience in Africa and to realize that it has given them something to teach their NATO allies.

The collapse of the empire means that the armed forces have had to be restructured with a view to a NATO role, rather than a colonial one. The army has been cut

to about 30,000 soldiers from 180,000 in 1974, but even that is too large, and the size of the officer corps — a relic of the war — is an obstacle to reform.

There are about 3,000 captains and majors impatient for promotion, 800 lieutenant colonels and colonels, and 60 generals on the army's active list. To appease the junior ranks, the new army chief of staff has decreed that all officers holding army posts in spite of being officially in the reserve will have to give up these jobs by the end of the year.

Domestic Role

The return of the troops from Africa restored the domestic role of the military who have, on and off, determined the country's political course since the beginning of the 19th century. For this reason, the ruling Democratic Alliance's plans to change the constitution to put the armed forces under direct government control is very important. The government also wants new facilities to keep the military busy.

For years, the Portuguese were so pleased to win any kind of international acceptance that they did not complain about what NATO gave them in return for facilities. Now that the colonial wars are over, Portugal wants more than gifts of surplus equipment to compensate it for being, after Britain, the NATO country with the most alliance facilities.

Decolonization: The Scars Remain

By Jill Jolliffe

LISBON — A glance at the Portuguese press, heavily politicized since the 1974 revolution, is enough to show that the Portuguese remain deeply divided over the dramatic decolonization that accompanied the revolution.

Rightist newspapers contend that Portugal's withdrawal from Africa and its tiny Southeast Asian colony of East Timor was a gross betrayal of local populations that led, in Africa at least, to minority Marxist regimes propped up by Cuban military support. To the leftist press, Angola, Mozambique and Guinea-Bissau are prosperous nations whose social problems ended with independence.

Scholars continue to debate whether Portuguese colonialism was "benign" — even though this concept, encouraged by the revolutionary regime, appeared to have been demolished years ago by the historian Charles Boxer, who demonstrated in his book "Racial Relations in the Portuguese Empire" that the idea that Portugal's colonies were exceptionally free of racial and religious discrimination was a myth.

The sensitivity of the issue domestically is reflected in Portugal's relations with its former colonies and the variants of foreign policy it has practiced since 1974.

Federation Proposed

When the dictatorship was overthrown in April, 1974, by Gen. Antonio de Spínola and his military junta, the idea of benign colonialism was in the ascendant. A Portuguese-speaking federation was proposed with the former colonies.

Gen. Spínola was deposed by the leftist officers in September, 1974, and outright independence became the demand of the day. That month, Portugal recognized the independence of Guinea-Bissau. Mozambique's independence came in June, 1975, followed by the Cape Verde and Sao Tome and Principe islands in July and Angola in November.

After independence the tendency of the African states was to maintain a militantly anti-Portuguese attitude, although friendly links were maintained with Portuguese leftist leaders and with the Portuguese Communist Party.

The intervening years have seen a thaw. Portuguese leaders, including President Antonio Ramalho Eanes, have worked to improve relations with the African nations. These efforts met with some initial success in Angola, Cape Verde, Guinea-Bissau and Sao Tome and Principe, but were cooled by the Mozambique, which had a reputation for being more sternly anti-imperialist than the others.

Guinea-Bissau

Guinea-Bissau was the country most open to Portuguese overtures. It was in Bissau that, in 1978, Mr. Eanes met the late Angolan President Agostinho Neto and signed a trade and cooperation pact with him. When Mr. Eanes returned to Bissau eight months later he was feted by large crowds.

Rapprochement with Mozambique proved more difficult. The first ministerial-level Portuguese trade mission to Maputo visited in March, 1979, but cut short the talks and returned to Lisbon after the Mozambican government, without informing Portuguese authorities, executed a Portuguese citizen accused of being a mercenary. Relations

dropped to their lowest ebb since independence.

Portugal continued to administer the Cahora Bassa Dam in Mozambique after 1974, without serious problems, but there were other constant points of friction, such as outstanding claims for indemnity over property seized at independence.

The visit of Mozambique's Foreign Minister Joaquim Chissano to Lisbon last March was a turning point in relations. Mr. Chissano carried an invitation to President Eanes from President Samora Machel to visit Mozambique soon, and Mr. Eanes accepted.

Sign of Times

It was a sign of the political times, expressing the concern of the so-called Front-line African states that the United States would adopt interventionist policies in southern Africa. The minister's visit coincided with secret talks in Morocco between U.S. officials and Jonas Savimbi, leader of the Union for the Total Independence of Angola, or UNITA, which is fighting a guerrilla war against the Marxist Angolan government.

Portuguese political leaders have publicly opposed U.S. military aid to UNITA, but how much backbone the government policy will have depends on how effectively Premier Francisco Pinto Balsemao can appease UNITA supporters within government party ranks.

Portugal now has bilateral trade relations with all its former African colonies and is moving toward closer cooperation with them. Hundreds of Portuguese have returned to Africa since 1974 as aid workers, usually as teachers or economic advisers. A key point of government policy since 1979 has been eagerness to improve relations with "the countries of Portuguese expression," a phrase used frequently in foreign policy circles.

East Timor, 385 miles (620 kilometers) northwest of Australia, has been a tragic victim of decolonization. When Portugal announced a program of phased withdrawal from the eastern part of the island of Timor in 1974 — the Netherlands governed the larger western section until 1946 — the news was greeted with alarm by the neighboring Indonesian government, which feared that a small independent state in its region could encourage the secessionist movements plaguing Jakarta.

Civil War

Indonesia found an opportunity to intervene in a brief civil war that flared in August and September, 1975, leaving about 3,000 casualties and leading Portugal to withdraw. In December, 10 days after the liberation movement Fretilin declared independence, Indonesian troops invaded East Timor.

Refugees from the territory arrive regularly in Lisbon with claims that the Fretilin resistance is continuing, although on a reduced scale, despite Indonesian government disclaimers. They also describe atrocities by the occupation force. About 200,000 of the population of 650,000 are believed to have died from fighting, starvation and executions since 1975. The Indonesian occupation has been condemned in voting at the United Nations, which still regards Portugal as the administering power.

Lisbon took a rather passive position on the issue until last year, when the late conservative Premier Francisco Sa Carneiro put forward a peace plan for East Timor involving negotiations with Indonesia, and ap-

pealed to the international community for support.

The plan received strong backing from the United Nations and from Portugal's former African colonies, which support Fretilin. However, Indonesia has refused to come to the conference table.

Plan Revived

The present government of Premier Pinto Balsemao has revived Mr. Sa Carneiro's plan, appealing to UN Secretary-General Kurt Waldheim to take new action. Mr. Waldheim visited Portugal in early May and discussed the Timor problem with Mr. Balsemao and President Eanes.

Macao, Portugal's tiny enclave in China — officially designated "Chinese territory under Portuguese administration" — has resisted all attempts to democratize its colonial status since the 1974 revolution. In this, the local population has been backed by China, which wished the territory to remain as one of its trading posts to the West.

In 1978 when the term of office of the former governor, Col. Garcia Leandros, ended, President Eanes proposed the nomination of a locally born governor instead of a Portuguese. Peking disapproved, the local population complained, and the idea was dropped. Gen. Nuno Melo Egidio was appointed and has since been succeeded by Cmdr. Vasco Almeida e Costa.

More recently, an attempt to alter the 1976 "Organic Law" that administers Macao caused a political storm.

Local Assembly

The local Legislative Assembly elected a four-man committee to propose changes to the law. It suggested a greater say by the community in running Macao, including a proposal that the 17-member assembly, set up after 1974, should be entirely elected; now six deputies are elected directly, six are elected indirectly and five are nominated by the governor.

China and Portugal established diplomatic relations in March, 1979, and last year Gen. Melo Egidio visited Peking on the first official visit by a governor of Macao since the Portuguese trading establishment was settled in 1557. Deng Xiaoping, now the Chinese Communist Party vice chairman, congratulated the governor on the stability of Macao and stressed that China was opposed to alteration of the Organic Law.

In any case it was impossible to effect the proposals. Deputies boycotted the assembly over them and the outcry in Macao was quelled only by a statement of opposition to the proposed changes by Gen. Melo Egidio, backed by a message from Mr. Eanes.

The result is that the Macanese are a people between governments: They are politically loyal to Peking but are not governed by it, and they are almost untouched by the Portuguese administration.

Ninety-seven percent of the estimated 400,000 population do not speak Portuguese. Schools are run by the Chinese community, outside the effective control of the Portuguese administration. Nor do most Macanese participate in political life. Only 9,724 persons (about the number of resident Portuguese eligible) registered to vote in the last Portuguese elections, and 4,194 for the Legislative Assembly.

The only political institutions in which Macao's Chinese participate are grass-roots tenants' committees and workers' associations.

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Soares Long On Tenacity

LISBON — Mario Soares came in from the cold in 1974 at the head of a Socialist Party born only a year earlier and with none of the organization of the decades-old underground Communist Party.

By 1976, the Socialists had had their baptism of fire in the streets of Lisbon and other cities, and found themselves the winners in the parliamentary elections.

The outcome caught the party on the wrong foot. It had few paid-up members but plenty of militants, its organization was haphazard and its ideas only hazily understood by the majority. Nevertheless, under the charismatic leadership of the 56-year-old Mr. Soares, the Socialists managed precariously to rule the country for two years. A series of crises turned them out of office and as Mr. Soares lost two successive general elections in 1979 and 1980, spurned by many former supporters, it appeared that his days on the political scene were numbered.

But his opponents underestimated his staying power and his international prestige. A concerted effort failed to oust him at the party congress in May, and Mr. Soares has emerged as the undisputed party leader.

The comeback of Mario Soares will help consolidate Portugal's major opposition party and prepare it as a real power alternative. It will mean an easier passage for controversial revisions of the 1976 constitution that require Mr. Soares' backing in parliament this summer. It also means an end to any Communist hopes for a grand coalition of the left to defeat the conservatives — Mr. Soares is implacably opposed to the Moscow-line Communists, who lobbied intensely for his defeat before the party congress. And it will most certainly mean a Soares bid for the presidency in 1985.

Balsemao: Development a Counterweight

(Continued from Page 115)

thermore, the Council of the Revolution is the legislative organ of the armed forces. And also, of course, the Council of the Revolution is not elected.

"This leads me to a third point, which I think is important. It has to do with the subordination of the armed forces to the democratic, elected civilian power."

"I think the armed forces understand very clearly that in a normal Western-type democracy — that's what we want to build — the

armed forces are subordinated to the democratic civilian power. In our opinion, this subordination would be to the government because the government is the executive organ, and therefore the needs of the armed forces can only be met, and the possibility of accomplishing a mission within NATO can only be realized, if the government deals with such matters and only if the armed forces act in very close cooperation with, and are integrated into, the government structure."

Mr. Balsemao, who had recently met with Spanish Premier Leopoldo Calvo Sotelo, said he did not believe that unrest among Spanish military men could stimulate similar ambitions of power among Portugal's armed forces. "I think that if the attempted coup of the 23rd of February had been successful in Spain, there would have been no relevant effect on Portugal. First of all, we have a completely different country, and history shows it.

That's why we have been independent since the 12th century.

"Being different countries, we have undergone separate evolutions throughout our histories. During recent years also, the evolution in Spain was different from the revolution in Portugal, and our armed forces therefore do not have the same characteristics. I don't believe there will be any temptation in Portugal, as far as the armed forces are concerned, to follow the example.

"We could have some indirect effects, however. It's a very open border. Spain is on our way to Europe, geographically speaking, and this could have caused some problems. But happily the coup was aborted, and happily Spain is living in democracy, and we are very glad about that, not only because we like our neighbors and good friends in Spain to live in democracy but also because some of the problems that could have emerged for us did not emerge."

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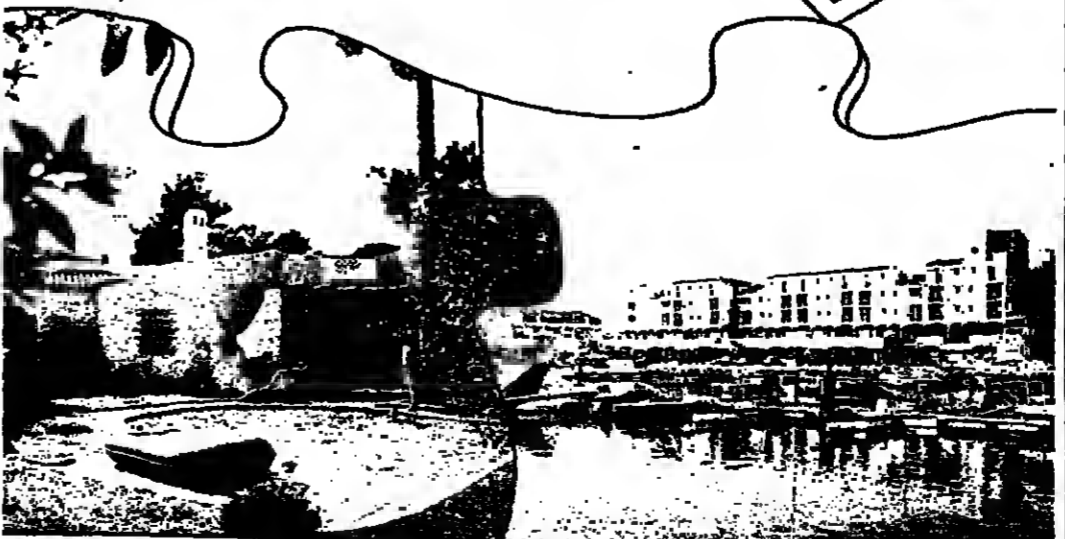
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BUSINESS NEWS BRIEFS

Burmah Sués Bank of England for £1 Billion

LONDON — A British oil company Tuesday claimed compensation of £1 billion from the Bank of England in one of the biggest commercial actions ever mounted in the London high court.

Burmah Oil, which was rescued by the bank after it ran into financial difficulties in 1974, says the bank took unfair advantage of it. The bank had bought Burmah's 20.1 percent shareholding in British Petroleum, then worth £179 million, for a low price, and the shares then rose spectacularly in value, Burmah told the court.

Burmah seeks to recover the current value of the BP shares.

U.S. Auto Production Rises 26% in May

DETROIT — U.S. domestic auto production in May was up 26 percent from the same month last year, and an industry trade journal predicts an even bigger increase for June.

According to company reports Monday, U.S. automakers built 717,785 cars in May, compared with 563,758 in May 1980.

Meanwhile, Ward's Automotive Reports said the major car companies plan to build 713,000 cars in June, a 34-percent increase from June last year, when the industry was near the low point of the current recession, and the highest monthly total in 20 months.

De Beers Zaire Contract Not Renewed

LONDON — The contract under which De Beers Consolidated Mines Ltd.'s Central Selling Organization marketed Zaire diamonds, which expired May 31, has not been renewed, a De Beers spokesman said Tuesday.

Negotiations to renew the contract were held recently between the CSO and Scorzem, Zaire's state mining and metal marketing agency, but have been discontinued, he said.

Boeing to Reduce Production of 747s, 727s

SEATTLE — Boeing is cutting back production of two of its historical best-selling jetliners this year and next because of falling demand for aircraft that are not fuel-efficient, shareholders were told.

Chairman T.A. Wilson said at the annual meeting Monday that production of the 747-400 jet and the 727 will be reduced about 30 percent this year. He said that probably would mean a significant reduction in earnings for the giant aerospace firm, which has been reporting record profits and sales in recent years.

New Well Is Confirmed Off Northwest Japan

TOKYO — New Japan Sea Exploration said Tuesday it has confirmed that its third test well off Aka, in northwest Japan, will have a maximum production capacity of 3,400 barrels of crude oil and 90,000 cubic meters (3.2 million cubic feet) of natural gas a day.

The company, a subsidiary of Idemitsu Petroleum Development, recently struck oil at the test drilling well in the Aka area. A decision on commercial production depends on the drilling of a fourth well scheduled for November, it said.

Rates to Follow Inflation Down, Says Weidenbaum

By Axel Krause
International Herald Tribune

PARIS — High U.S. interest rates will only begin to decline when the Reagan administration brings inflation under control, Murray L. Weidenbaum, chairman of the U.S. Council of Economic Advisors, said Tuesday evening.

Addressing a gathering of French business, banking and government officials in Paris — and partly answering recent, blunt warnings from European leaders about the high rates, Mr. Weidenbaum said that "it should be clearly understood that the United States is consciously following a set of economic policies which will lead to lower interest rates... lower interest rates will follow from lower inflation rates."

The U.S. official also indicated that interest rate policy was not a subject for negotiation at an international meeting of policy-makers, such as the seven-nation summit meeting scheduled for Ottawa in July — a suggestion regularly mentioned in conversations by European government banking and monetary officials.

Mr. Weidenbaum said that the administration welcomed opportunities to discuss the issue, stressing in his talk that "we are sensitive to your concerns regarding high interest rates in the United States and their implications for exchange rates." However, he apparently ruled out any form of negotiation with the Europeans or changing the U.S. policy.

Referring to policy under previous Democratic administrations, the U.S. official said that "our program is designed to avoid the errors of the past — misguided efforts to lower interest rates temporarily by pursuing an expansionary monetary policy which then only led to increased inflationary pressures and ultimately higher interest rates."

Those attending the gathering, sponsored by the French Institute of International Relations, a con-

W. German Trade Shifts Into Surplus

Manufacturers Post Rise in Production

WIESBADEN — West Germany's trade balance swung sharply into the black in April with a 3.3-billion Deutsche mark surplus following a 135-million DM deficit in March, the Federal Statistics Office reported Tuesday.

The surging trade surplus in turn helped slash the provisional April deficit in the current account, which covers trade as well as "invisibles" such as tourism. It narrowed provisionally to 400 million DM from a March deficit of 2.7 billion DM, the office said.

The current account had a 2.2 billion DM shortfall in April, 1980.

In Bonn, the Economics Ministry reported that the seasonally-adjusted production of the country's manufacturing industries rose 1 percent in April from March after falling 3.5 percent in March from February.

However, the ministry said industrial output, a better indicator of the overall trend of production, was unchanged in the March-April period from January-February, but 4 percent down from the year-earlier two-month period.

With exports in the first four months of 1981 surpassing imports by 124.8 billion DM to 121.7 billion DM, the current account deficit so far in 1981 has been held to 9.4 billion DM. Services and supplementary trade items have recorded a 4.7 billion DM deficit and transfers were in the red by 7.8 billion DM, the statistics office said.

Commercial bank economists said there were grounds for cautious optimism on trade even though not all the signs were encouraging.

Despite the fact that April's trade balance was triple the 1.10 billion DM surplus recorded in April, 1980, they said the 10.7-percent drop in April imports to 30.27 billion DM had been due in large part to lower oil imports and that a stronger U.S. dollar could cut into May and June trade results by raising the country's oil bill.

The stronger dollar could also increase tourist spending abroad during the summer and thus widen the current-account deficit.

As well there has been speculation in the press about alleged difficulties in raising new credits from Saudi Arabia. Finance Minister Hans Matthofer said Tuesday in Bonn that Saudi Arabia has informed West Germany that it is prepared to consider taking up further West German promissory notes.

Reagan Winning Over Europe

By Hobart Rowen
Washington Post Service

LAUSANNE, Switzerland — President Reagan has won the grudging admiration and applause of the European financial community for the revival of the U.S. economy — and the American spirit. But his audience here gives him a negative score so far on international economics.

The plus-marks on the domestic side are accorded Mr. Reagan despite rising U.S. interest rates in the United States that have pushed the dollar so high that even the Deutsche mark and Swiss franc have been tumbled.

In interviews with key Swiss bankers, there was a striking unanimity of opinion favorable to Reagan's domestic program, and a belief that he is successfully restoring U.S. power in the world.

"The strong dollar reflects a new wave of confidence in the American economy," said Franz Lotz of the Swiss Bank Corp.

Reagan was underrated in Europe, and underrated by me as well," Fritz Leutwiler, the head of the Swiss National Bank, said in an interview in Zurich.

What has impressed the bankers is the way Mr. Reagan assigned his top priority to economic recovery, jammed through unprecedented budget reductions, and arrived early at a point where he can get most of his tax cut through — or delay it if he decides the economy needs less stimulation.

Mr. Leutwiler guessed that the rate of U.S. inflation "will drop to eight percent or even seven by the end of the year," pulling interest rates down significantly.

Mostly, the bankers shake their heads in a mixture of disbelief and bewilderment at the first quarter real-growth of 8.4 percent at an annual rate in the United States, accompanied by a fall in inflation — despite 30 percent interest rates.

Where Europeans find Reaganomics the weakest is in its foreign policy aspect. This is not so much a reaction to high U.S. interest rates, but a concern over the almost isolationist tone of U.S. international economic policy under Mr. Reagan.

All over Europe there is concern, for example, over under secretary of Treasury Beryl Sprinkel's cancellation of a hands-off policy on U.S. intervention in foreign exchange markets, except in crises, or to stabilize "disorderly" markets.

Storm Calming

"We felt it was completely unnecessary to say it," Mr. Leutwiler said, "especially at a time when the central banks of the United States, West Germany, Switzerland, and Japan declared their cooperation had improved."

Actually, that storm is calming down. Assurances have since been received from the Reagan administration that it is just as anxious as European governments to coordinate policy.

What will be more difficult to shake, the bankers feel, is the president's Boy Scout-like faith in the ability of the private sector to play a more prominent role in financing Third World aid and investment. Throughout Western Europe, there is fear that ideology on this score is getting in the way of practical good sense.

Most West European financial men are as dedicated as Mr. Reagan to a market-oriented system. But they also see the world going through a painful adjustment period, with huge debts to be financed. They anticipate that with some additional experience, the Reagan administration will become more sophisticated in international affairs.

At least, they hope so. "The danger," Lord Harold Lever, long-time confidant of past British governments, said in London "is that [otherwise] the deficit burden will fall on the weakest ones."

Wall Street Prices Fall; Trading Active

NEW YORK — Worries about the interest rate outlook pushed prices on the New York Stock Exchange lower Tuesday, with the decline accelerating towards the close of trading amid questions about whether a substantial downturn in interest rates is imminent.

The Dow Jones industrial average fell 10.48 points to close at 987.48. The index gained 6.21 points Monday after being up nearly 12 points to 1,003 at midday.

Declines outpaced advances more than two to one as volume narrowed to 53.93 million shares from 62.17 million Monday. The higher volumes lately indicate institutions are becoming more active.

Prices were lower in active trading of American Stock Exchange issues.

Analysts said the market historically has counteracted profit-taking problems when the Dow industrial average gets to the 1,000 level. Some investors have automatic selling programs at that barrier.

The market's problems were compounded part of the day by the investment community's confusion over the fact that some interest rates were declining while others were rising at the same time.

The federal funds rate banks charge one another for overnight loans soared Monday and temporarily dashed investor hopes that interest rates have peaked. Some experts said the rise was a fluke.

At the same time, several major banks have lowered the prime lending rate they charge top corporate customers a half point to 20 percent. Bank of America and Citibank, the two largest U.S. banks, cut their rate early in the day.

The prime cut was sparked by the Federal Reserve's report last Friday that the U.S. money supply dropped \$1.2 billion. That was the second consecutive money decline and indicated the Fed may not have to restrain credit as much in the future as in the past year or so.

Investors also were watching with interest the battle between President Reagan and Democrats regarding his proposed three-year, 30-percent tax cut.

The president apparently is willing to accept a shrunken-down tax cut of 25 percent spread over three years. Many expect a resolution of the issue soon.

The Commerce Department reported, meanwhile, that sales of new U.S. single family homes declined 13.5 percent in April to a seasonally adjusted annual rate of 441,000 after an increase of 1.4 percent in March.

The department also said new orders received by manufacturers fell \$1.37 billion, or 0.8 percent, in April to a seasonally adjusted \$163.33 billion.

On the trading floor, weakness in the oil was a major factor in the overall market decline.

Volume leader Keenecott climbed 1/2 to 6 1/2 after the Federal Trade Commission said it would not challenge the proposed merger of Keenecott and Standard Oil of Ohio. Solio lost 1/4 to 43 1/2.

IBM was active but declined 1/4 to 59 1/2. The stock scored well Monday after the company asked the Justice Department for talks to resolve a 12-year-old antitrust suit.

American Telephone & Telegraph, which dropped 1/2 points Monday, lost another 1/2 to close at 56 1/2. The company has announced plans to sell 15 million new shares this month.

The dollar's biggest jump was in London where it surged 16.25 lire to a new high of 1,174.75 lire.

In Paris, it jumped rose from 5.5435 Moody to its highest level ever of 3.6265 francs at the fixing before falling off in late trading.

The dollar's strength helped to drive down the Bourse index by 1.9 percent. The selling spree continued the run on stocks that hit the exchange Monday after the publication of opinion polls indicating that the leftist parties will win a majority in the French legislative elections later this month.

The dollar closed in Frankfurt at 2,364.00 DM, up from 2,328.50 Monday. Foreign exchange dealers said interest rate considerations were eclipsed by persisting concern to the market over the future of the Deutsche mark.

In London, the pound lost more than 1 cent to fall below \$2.05 for the first time since May 22, 1979. The pound fell to \$2.0405, down from Monday's \$2.0507.

In New York, the dollar opened very firm from Monday's close of 2.5495, rising above 2.57 DM at mid-session before easing slightly, dealers said. They attributed the drop to profit-taking and evening out of positions.

Short-term interest rates in the United States traded erratically but with a generally firmer tone Tuesday, dealers said.

Dollar Hits New High Against Franc, Lira

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Argentina Slashes Value of Peso 30%

From Agency Dispatches

BUENOS AIRES — Argentina devalued the peso by 30 percent Tuesday in a bid to stop a run on foreign exchange reserves that forced the central bank to spend more than \$300 million on Friday alone.

In a nationally broadcast announcement Monday night, Economy Minister Lorenzo Sigaut also said the peso will be devalued a further 6 percent during June and thereafter the real parity of the peso will be maintained. Financial sources said they interpret this as meaning the peso will be devalued to offset inflation.

The run on reserves was spurred by a warning published in a newspaper that an economic collapse was imminent without drastic measures. The "high level source" cited by the newspaper, was Trade Minister Carlos Garcia Martinez, who suggested another large devaluation was necessary.

One of the devaluations — which follows ones of 10 percent in February and 28 percent in April, as well as smaller monthly devaluations — is another step by the two-month-old military government of President Roberto E. Viola away from the previous government's inflation-fighting strategy.

Peso Overvalued

The previous government relied on an artificially overvalued peso to bring the inflation rate down from more than 500 percent last year. The strategy, combined with a tearing down of tariffs that for decades had protected local industry, caused hundreds of companies to fold since they were unable to compete with a flood of imports and squeezed by interest rates that topped 150 percent annually.

Financing and pro-financing for non-traditional exports will be improved, he said, and excessive spending on tourism and other foreign services will be checked, thus helping to improve the current account in the rest of 1981.

Mr. Sigaut said the new measures should lead to a surplus in the trade balance, which has been in deficit this year, as earnings from both traditional and non-traditional exports will rise while imports will fall.

Foreign reserves have declined from more than \$10 billion at the beginning of 1980 to less than \$4 billion last month.

6 Unions End Strike In Chile; 2 Continue

RANCAGUA, Chile — Six miners unions have agreed to end a 41-day strike at the state-owned El Teniente copper mine, a union official said Tuesday.

He said 8,200 union members will receive a 2-percent pay rise after inflation, and a \$450 bonus. Two unions at the adjacent Calentones refinery remained on strike.

Annual General Meeting of April 29, 1981

At the Annual General Meeting on April 29, 1981 chaired by Chairman François Giscard d'Estaing with the assistance of Honorary Chairman Georges Assémat and General Manager Albert Bouvier, the shareholders of BFCE heard the Chairman's letter and the Board's and Auditor's reports, and approved the 1980 balance sheet and income statement and the appropriation of the year's results.

The bank's total assets "France and Abroad" at December 31, 1980 stood at 159.7 billion francs, 14.1% higher than the figure of 140 billion a year earlier. The increase is attributable to:

- a 17.1% rise in banking uses and customer credits to a total of 40.1 billion francs, divided roughly evenly between francs and other currencies as compared with a 60%/40% breakdown in 1979. This trend is due to expansion, particularly abroad, of "foreign currency" operations, financed in part out of the proceeds of a third floating-rate bond issue of US\$40 million, while "franc" operations were still subject to credit restrictions which were relaxed early in the year by a 100,000,000-franc new share issue and 300,000,000 francs of bond issues.
- a 13% increase in short, medium and long term export financing requiring BFCE's intervention.

The aggregate exceeded 106 billion francs and accounts for 66.4% of the total assets. Including memorandum items, the increase was 7.3% in short term, 18.9% in medium term and 16.2% in long term.

The income statement reflected a gross banking profit of 1,106 million francs, after 828.1 the year before, most of the 33.6% advance deriving from the combination of an appreciable enhancement of working capital and customer deposits and an improvement in reinvestment conditions in the latter half of the year, as well as from the high volume of letter of credit and guaranty business. After the customary appropriations, including 10,200,000 F to the employee profit-sharing, 40,000,000 F for corporate income taxes and a substantially larger transfer to provisions for credit risks, the net profit was 60,400,000 francs, a 32% increment roughly corresponding to the gross banking profit increase.

At the same 7 1/2% rate on a larger capital, the dividend is up from 15 to 22 1/2 million francs, and 19,500,000 F were appropriated to reserves against 13,700,000 in 1979.

BFCE now has shareholders' equity and long term resources totalling nearly 1.8 billion francs.

Oil and Money Conference.

London, Sept. 28-29.

The second annual International Herald Tribune/Oil Daily conference on "Oil and Money in the Eighties," will take place September 28 and 29 in London.

Sheikh Ahmed Zaki Yamani, Minister of Petroleum and Mineral Resources, Saudi Arabia, will head a list of distinguished speakers from industry and government around the world. Among the subjects to be discussed will be the supply-demand outlook, financing oil production, the impact of politics on future oil policies, alternative energy resources and related issues.

For further information, please contact the International Herald Tribune, Conference Dept., 181 Avenue Charles-de-Gaulle, 92521 Neuilly Cedex, France. Telephone: 747-12-65. Telex: 612332.

CURRENCY RATES

Interbank exchange rates for June 2, 1981, excluding bank service charges.

	S	F	D.M.	F.F.	H.L.	G.M.	B.F.	S.F.	D.K.
Amsterdam	2.085	6.264	111.12	48.72	23.244	4.813	125.54	35.30	51.83
Brussels (a)	28.58	78.71	16.97	6.855	3.29	14.695	1.37	16.43	51.83
Frankfurt	2.233	6.826	—	42.11	2.916	19.37	3.37	11.28	31.21
London (b)	2.292	—	—	1.67	2.0925	5.832	78.51	4.342	16.105
Milano	1374.30	2.395.30	49.30	28.95	—	44.44	30.40	50.00	157.4
New York	—	2.04	0.232	0.179	0.888	0.289	0.260	0.472	1.031
Paris	2.625	11.463	27.54	—	4.785	21.80	14.87	50.00	73.6
Zurich	2.098	—	—	48.57	37.29	0.1785	77.75	5.428	28.14
BCU	1.075	0.828	2.544	6.945	12.623	2.282	41.514	2.255	6.015

(a) Short-term; (b) 135-day bill.

Dollar Values

Currency	Per U.S.	Currency	Per U.S.	Currency	Per U.S.
Asst. Aust. \$	0.8774	Israeli shekel	18.2	Singapore's S	2,185
Asst. Aust. \$	0.8774	Japanese yen	238.75	S. African rand	1,170
Belgian fr.	37.25	Kuwaiti dinar	2.275	S. Korean won	65.00
Can. \$	1.078	Mex. peso	2.55	Sri Lanka's rupee	2.2
Dutch guilder	2.475	N.P.W. peso	11.7	Su. shilling	5.007
Finland mark	4.15	Port. escudo	6.50	Thai baht	30.25
French franc	6.55	Saudi riyal	3.75	U.S. dollar	1.00
German DM	1.936	Sing. dollar	1.4		

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London W1 - Tel. 01-465 1844

BFCE

BANQUE FRANÇAISE DU COMMERCE EXTÉRIEUR

Total assets 1980: 160 billion francs (66.4% and 33.6%)

Total assets 1979: 140 billion francs (67.1% and 32.9%)

Total assets 1978: 116 billion francs (67% and 33%)

Short, medium and long term public export financing

Banking uses and customer credits

NYSE Nationwide Trading Closing Prices June 2

Tables include the nationwide prices up to the closing on Wall Street.

12 Month High	12 Month Low	Stock Div.	5 Yr. P/E	High	Low	Close	Change
170	160	1.00	15	170	160	165	+5
160	150	0.75	12	160	150	155	+5
150	140	0.50	10	150	140	145	+5
140	130	0.25	8	140	130	135	+5
130	120	0.00	6	130	120	125	+5
120	110	0.00	4	120	110	115	+5
110	100	0.00	2	110	100	105	+5
100	90	0.00	1	100	90	95	+5
90	80	0.00	0	90	80	85	+5
80	70	0.00	0	80	70	75	+5
70	60	0.00	0	70	60	65	+5
60	50	0.00	0	60	50	55	+5
50	40	0.00	0	50	40	45	+5
40	30	0.00	0	40	30	35	+5
30	20	0.00	0	30	20	25	+5
20	10	0.00	0	20	10	15	+5
10	0	0.00	0	10	0	5	+5
0	0	0.00	0	0	0	0	0

(Continued on Page 16)

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Japan Fails To Budge on EEC Trade

By Gene G. Marcial
AP-Dow Jones

BRUSSELS — The European Economic Community's top trade negotiator said Tuesday that talks on trade restraint with Japanese officials here had amounted to "pretty much hear zero," and he urged the 10 EEC countries to take new action to pressure Japan to moderate exports.

Sir Roy Denman, the EEC external affairs director, told a news conference that talks Monday and Tuesday with Japan's deputy foreign minister, Kiyoaki Kikuchi, resulted in virtually "no progress."

The commission had been hoping for moves from Japan both to restrict a flood of exports to Europe and to open the Japanese market to more European goods.

The next step, Sir Roy said, would be to ask EEC foreign ministers at a meeting June 23 to decide on new action. The foreign ministers asked Japan in February to voluntarily cut exports of cars, television sets and other goods to Europe.

"We've seen no figures yet that demonstrate in any of these sectors the moderation the council had expected," Sir Roy said.

"We're very disappointed with the results," he added.

Cuts to Cookies

Sir Roy ticked off a list of about 15 commodities ranging from cars to cookies, over which the EEC is seeking either a restriction of exports or relaxation of tariffs to allow European goods to compete in Japan. After nearly every item he added the words, "No progress."

Further talks will be held here June 17 with Rokusuke Tanaka, Japan's trade minister.

Sir Roy quoted recently released statistics, mostly from Japanese sources, to support his assertion the trade deficit is "not only alarmingly large but rapidly increasing."

He said the EEC deficit with Japan, up 57 percent last year to \$11 billion, has jumped by 45 percent in the first four months of this year over a corresponding 1980 period.

Japanese auto exports to the Common Market are running 20 percent higher than in 1980, according to the Japanese statistics.

Sir Roy said the Japanese had repeated their rejection of any general restraint agreement on car exports to the European community as long as individual EEC states kept national import curbs in place. Italy, France and Britain already apply quota restrictions.

New Camera Prompts Review of Polaroid

By Gene G. Marcial
AP-Dow Jones

NEW YORK — With Polaroid attempting to focus attention on its new electronic camera and high-speed film, Wall Street is trying to get a clearer picture of the company.

Several Polaroid followers have expressed bullish opinions on the stock for this year and next, in part because of the new camera and film introduced last week, called the 600 system. There are doubters, however, and at least one analyst reinstated his sell recommendation on Polaroid on Friday.

Richard Simon, an analyst at Goldman, Sachs & Co., withdrew a sell recommendation a few days before the unveiling of the new camera and film last Wednesday, but reinstated his sell opinion Friday, after evaluating the system.

One of his concerns is the reaction of the consumer, which he expects will not be very enthusiastic. "The new camera gives the consumer tremendous value for his dollar, but he won't... appreciate some of the refinements," Mr. Simon said.

The system uses an integrated electronic flash and film with a speed rating of 600 ASA, the fastest, most light-sensitive color print film on the market.

"It's awfully hard to call the earnings on the stock," Mr. Simon added, "and the risk

is greater in being in the stock than in being out of it and missing the move."

Several Polaroid watchers disagree, however. "I'm impressed by the system, although it may take some time to explain the value and appeal of the system to consumers," said Peter J. Enderlin, of Smith Barney, Harris Upham & Co., who believes the stock "fundamentally is a good buy."

Engene G. Glazier, vice president at Dean Witter Reynolds, is convinced the new product will help Polaroid in arresting a decline in unit volume. He concedes that the new system's advantages will not be apparent immediately to the average consumer.

There will be a particular need for an advertising campaign by Polaroid to communicate the system's unusual features, analysts agree.

They expect the new camera and film will begin to help earnings by the fourth quarter of this year or the first quarter of next year. "The new product, in combination with a better economy and improved consumer spending environment, will give a very strong impetus to Polaroid earnings next year," said Mr. Glazier, who figures the company will boost per-share earnings to \$2.70 this year and \$3.85 next year, from last year's \$2.60.

Mr. Glazier particularly emphasizes Po-

laroid's efforts at bringing costs "under very tight control in the past year."

Ty Govatos, vice president at Bache Halsey Stuart Shields, reiterated his purchase recommendation on the stock, asserting that the "new system substantially enhances Polaroid's longer-term outlook." But he advised against buying the stock solely because of the new camera and film.

Tom Henwood, vice president at First Boston, said he does not think Polaroid earnings will be "within my initial expectations," largely because of the strength of the dollar against European currencies. He noted that 70 percent of Polaroid earnings are generated outside the United States.

Brenda Lee Landry, analyst at Morgan Stanley & Co., expects Polaroid to post flat earnings this year and estimates it will earn between \$3.50 and \$4 next year. She also is impressed by the new 600 system, and recommends Polaroid as a long-term buy.

A problem Polaroid may face, analysts say, is the possibility that Eastman Kodak may come out next year with a new line to compete with Polaroid's new products. Ms. Landry expects Kodak's earnings to leap to between \$8.15 and \$8.40 a share this year, and to the \$9.50-\$10 range in 1982, from 1980's adjusted \$7.15.

Major Banks Offer Money Market Notes

By James L. Rowe Jr.
Washington Post Service

NEW YORK — Two more major banks Monday took direct aim at money-market mutual funds and announced that they would offer of \$100 million of so-called money-market notes in minimum, consumer-sized denominations of \$1,000.

Chase Manhattan Corp. and Continental Illinois Corp., the parent companies of the big New York and Chicago banks, said their seven-year notes would have their interest rates adjusted every Wednesday in line with the rate paid on one-month commercial paper. The notes would yield about 17.15 percent, based on the weekly report of commercial paper rates released by the Federal Reserve.

Although the interest is adjusted weekly, it will be paid monthly.

In Geneva, meanwhile, Federal Reserve Board chairman Paul A. Volcker said that the variety of new investments being created by investment firms and banks need to be reviewed to see whether they should be "brought under controls."

The Reagan administration says it opposes any controls on money-market mutual funds, high-yielding investments which bankers claim have drawn off billions of dollars of their deposits. Banks cannot run money-market funds, but the new notes are aimed at competing with the money-market funds for consumer dollars, according to Frederick Pape, managing director of Merrill Lynch, Pierce, Fenner & Smith.

Merrill Lynch, which runs the biggest money-market mutual fund, is the lead underwriter for Chase and Continental, as well as Manufacturers Hanover Corp., parent of the nation's fourth-biggest bank, which pioneered the seven-year money-market notes last week.

Joseph Connolly, senior vice president for finance at Manufacturers, said the notes compete with all money-market instruments.

But most money-market instruments, such as certificates of deposit, or CDs, are issued in big denominations. The new seven-year notes, which still must go through procedures at the Securities and Exchange Commission, are issued in small enough denominations to appeal to small savers.

Money-market funds, which are run by brokers, pool investors' deposits and buy money-market instruments. Money-market funds, on average, yield about 15 percent today. Money-market funds generally permit investors to write checks on their deposits and to withdraw their funds at any time.

Unlike money-market funds, which will pay an investor his deposit immediately, purchasers of the money-market notes would have to sell them to another investor.

Help For Thrifts Considered

NEW YORK (Reuters) — The U.S. Treasury and regulatory bodies are together considering methods to help troubled savings and loan associations by bolstering their net worth, a Treasury official said.

Roger Mehle, deputy Treasury secretary for domestic finance, told a news conference that providing the savings institutions with letters of credit to boost their net worth would be "a proper approach to the problem."

MENEZAS S.A. - INDUSTRIA E COMERCIO, foreseeing the implementation of an industrial unit located in Passo Fundo, Estado do Rio Grande do Sul, interested in acquiring machines and equipments for the agricultural machine industry.	
The purpose of this communication is to invite interested parties to present their proposals in writing to the following address: Distrito Industrial de Passo Fundo - CEP. 99.100 - Passo Fundo - RS - Brazil.	

CORRECTION

THE BURMAH OIL COMPANY LIMITED
7% 1972/1987
Flux 500,000,000.-

Holders of the above-mentioned loan are hereby informed that contrary to the publication made on May 12, 1981, the Bond number is as follows:
4371-4410; 4439-4462; 4469-4478; 4508-4509; 4569-4573; 4575-4586; 4588; 4600-4618; 4623-4642; 4657-4670; 4681-4974; 5035-5037; 5112-5116; 5157-5144.

Were drawn on April 27, 1981.

BANQUE INTERNATIONALE A LUXEMBOURG
Société Anonyme
Paying Agent
Luxembourg, May 27, 1981.

G.T. INVESTMENT FUND
Société anonyme
Registered Office: Luxembourg, 14, rue Aldringen
Registre de Commerce Luxembourg B N° 7443

The quorum required by law not having been reached at the first Extraordinary General Meeting of Shareholders held on May 18th, 1981, the shareholders are invited to attend a

SECOND EXTRAORDINARY MEETING OF SHAREHOLDERS

to be held on 19th June, 1981, at 9.30 a.m. at the registered office of the Fund, 14, rue Aldringen, Luxembourg with the following agenda:

- To amend Article 16, subsection c), g) and h) so as to read as follows:
 - except within the limits set out in a) above, pledge or otherwise encumber any of its securities or other assets or transfer or assign any such assets for the purpose of securing debts;
 - purchase securities issued by its investment Managers or Advisers;
 - hold as cash in a bank account or accounts more than 30 percent of its gross assets.
- To amend Article 23, third paragraph so as to read as follows:
The Corporation may suspend the determination of the Net Asset value of shares and the purchase of its shares from its shareholders.
- To amend Article 23, section A, subsection 2) so as to read as follows:
The value of securities which are quoted or dealt in on any stock exchange is based on the last trade price or, if not available, the closing mid market price on the relevant day. The closing mid market price is determined by taking the mean between the closing bid and offer prices are quoted, the closing quoted price on that day will be used.
- To amend Article 23, section A, subsection 3) so as to read as follows:
The value of securities dealt in on the over-the-counter markets is based on the last price on the relevant day provided that if such price does not reflect a fair market value of the relevant security, such price determined in accordance with generally accepted valuation methods may be substituted as the fair market value.
- To amend Article 23, section A, subsection 4) so as to read as follows:
In the event that any of the securities held in the Corporation's portfolio on the relevant day are not dealt in or traded on any stock exchange or over-the-counter market the value of such securities will be determined in accordance with generally accepted valuation methods.
- To amend Article 23, section D, sub-section d) so as to read as follows:
Effect shall be given on any Valuation Date to any purchase or sales of securities contracted for by the corporation on such Valuation Date, to the extent practicable.
- To ratify an amendment of the terms of the performance fee as provided by the shareholders in their general meeting held on 20th June 1969, so as
 - to substitute to the Combined Average of the Dow Jones Industrial Average Index and the Standard and Poor's Composite Stock Price of 500 Stocks the Capital International World Index;
 - to determine that such amendment be effective as of the date of this resolution and be applied to the current year on a prorata basis.

The shareholders are hereby informed that this second Extraordinary Meeting of Shareholders shall validly vote on the points of the agenda whatever portion of the share capital of the Corporation will be present or represented.

In accordance with Luxembourg law, resolutions will be subject to a majority of 2/3 of the shares represented at the meeting, provided however that at this second meeting, shares not represented will (in a number not exceeding 1/3 of the total number of the outstanding shares) be deemed to vote for the resolutions proposed above, and provided further that in such latter case the resolutions must be voted by the majority of the shares represented at the meeting.

In order to attend the meeting, holders of bearer shares should deposit their shares on or before June 15th, 1981 with the banks listed hereafter. With respect to registered shares, proxies should be deposited at the registers office of the Fund on or before June 17th, 1981.

— Amsterdam-Rotterdam Bank N.V., Amsterdam
— Bank Julius Bar & C° A.G., Zurich
— Banca d'America e d'Italia, Milan
— Banque Générale du Luxembourg, Luxembourg
— Banca Commerciale Italiana, Milan
— Banca del Gottardo, Lugano
— Banca Nazionale dell'Agricoltura, Rome
— Bank Len & C°, Zurich
— Banque de l'Indochine et de Suez, Paris
— Banque Scandinave en Suisse, Genève
— Banque de Paris et des Pays-Bas, Paris 2°
— John. Beyerberg, Goslar & C°, Hamburg
— Berliner Handels-Gesellschaft-Frankfurter Bank, Frankfurt
— Berliner Bank A.G., Berlin
— Effectenbank-Warburg Aktiengesellschaft, Frankfurt
— Guyenseller Zernott Bank A.G., Zurich
— Badenwürttembergische Bank A.G., Heilbronn
— Niederländische Credietbank, Amsterdam
— Pierson, Holding & Pierson, Amsterdam
— Privatbanken i Kjöbenhavn S.A., Copenhagen
— Skandinaviska Enskilda Banken, Stockholm C
— Banca della Svizzera Italiana, 6901 Lugano
— Banque Transatlantique, Paris 9°
— Caisse Nationale de Crédit Agricole, Paris 15°
— Crédit Industriel et Commercial, Paris 9°
— Merrill Lynch, Pierce, Fenner & Smith Securities Underwriter Limited, London EC1A 7DA
— Crédit Industriel d'Alsace et de Lorraine, Luxembourg
— Deway Luxembourg S.A., Luxembourg
— R. Beuques Jr. Copenhagen
— Samuel Montagu & C° Limited, London EC2P 2HY
— Bayerische Vereinsbank, München
— Vereins- und Westbank A.G., Hamburg.

The Board of Directors

Hudson's Bay's Huge Holdings Behind Dome Interest

New York Times Service

TORONTO — In 1869 the Hudson's Bay Co., founded in England in 1670 as a fur trading concern based in Canada, was granted by Queen Victoria one-twentieth of all lands surveyed for 50 years in the area north of the United States, east of the Rockies and west of Lake Winnipeg.

That grant subsequently provided a vast endowment for the Hudson's Bay Oil and Gas Co., which was set up in 1926 as a joint venture between the parent trading company and Continental Oil, now Conoco, based in Stamford, Conn.

Hudson's Bay Oil now controls 13.6 million acres in Canada and 8.9 million acres in foreign areas. It is also the second-largest natural gas producer in Canada, with the highest gas reserves per acre.

It is this legacy of land and the potential energy wealth trapped beneath it that made Hudson's Bay Oil, now controlled by Conoco, attractive to Dome Petroleum of Calgary, Alta. Monday, Conoco agreed to accept \$1.68 billion from Dome for its 52.9 percent interest in Hudson's Bay Oil.

Last year, the company participated in the drilling of 750 wells, with approximately 75 percent completed as oil or gas wells, according to G.J. Maier, the company's chairman. "We more than replaced the volumes of petroleum liquids that we produced, so that our reserves increased by over a million barrels," he said, adding that natural gas reserve additions exceeded production by more than 50 percent.

The company has interests in nine other countries, where it drilled 51 wells last year, of the successful ones, 37 were oil wells and two were gas wells, with a success ratio similar to that of their Canadian operations, Mr. Maier said.

"Indonesia is still our most successful area of operations, and encouraging discoveries were made there last year," Mr. Maier said.

Hudson's Bay Oil, with assets of \$1.2 billion in Canadian funds (\$997 million U.S.) as of Dec. 31, 1980, reported net profits last year of \$145.4 million, or \$1.92 a share, up 10.2 percent from \$131.9 million, or \$1.74, in 1979. Revenues rose 25.1 percent, to \$604.7 million from \$483.2 million.

In the first quarter of 1981, net earnings declined 43.2 percent, to \$21.6 million, on a 21.2 percent increase in revenues, to \$173.5 million from \$143.2 million. Mr. Maier attributed the earnings decline to new and higher federal energy taxes.

R.F. Haskayne, the company's president, said a year ago that the company expected to invest upward of \$7 billion in the next decade.

But the announcement of Canada's National Energy Program last October disrupted those plans. As a result, the company's revised budget for 1981 provides \$203 million for petroleum exploration and development in Canada, down from \$378 million, and \$18 million for the oil sands program, down from \$53 million.

The National Energy Program has as a primary aim the doubling of domestic ownership by 1990 to at least 50 percent in an industry dominated by foreign-owned companies. Under Conoco's control, Hudson's Bay Oil does not qualify for any incentive grants.

He said Monday that figure compared with only 40 million acres of federal land developed in the last 28 years. Speaking at a dedication for a drilling rig, Mr. Edwards said 66 percent of the country's energy resources have been locked up in about 34 percent of federal lands.

He said some of the federal land to be opened would be offshore and 100 million acres would be in Alaska. He said he and Interior Secretary James G. Watt are working to free 200 million acres per year of federal land for energy exploration during the next five years.

But William Magee, vice president of Nesbitt Thomson Bongaard, a charter investment dealer, calculated that, under Dome's control, Hudson's Bay Oil "would qualify for maximum federal exploration incentives" of 80 cents for every 51 spent.

U.S. Trade Unit Urges End To Quota on Shoe Imports

By Clyde H. Farnsworth
New York Times Service

WASHINGTON — An inter-agency trade advisory group has recommended to President Reagan that he terminate quotas on shoe imports from Taiwan and South Korea, which account for 50 percent of the footwear shipments to the United States, an administration official said Monday.

The staff of the Treasury, State, Labor and Commerce Departments, the Council of Economic Advisers, the Office of Management and Budget and the U.S. trade representative came to a consensus that the quotas be eliminated as a signal of the administration's commitment to free trade.

The case comes before the president following some criticism from liberal trade advocates that the administration bowed to protectionist forces in pressing Japan recently to restrain exports of autos to the United States during the next two years.

Administration officials said the consensus itself was unusual, as departments and agencies usually take conflicting positions on trade issues.

The domestic industry has been lobbying Congress and the White House in efforts to convince Mr. Reagan to maintain the quotas on imports from both countries for another three years.

If they are not renewed by the president, the quotas would be dismantled at the end of this month.

The International Trade Commission, a government fact-finding body for trade cases, ruled April 9 that termination of the quotas on Taiwan before June 30, 1983, would have an adverse impact on the domestic industry.

But it decided 3 to 1 that lifting the quotas on imports from South Korea would not be damaging because the segment of the domestic industry that makes the types of footwear South Korea ships — mainly athletic shoes — is already sufficiently competitive.

COMPANY REPORTS

Revenue and profits, in millions, are in local currencies unless otherwise indicated.

Britain		
Reed International		
Year	1980	1979
Revenue	1,480.0	1,520.0
Profits	29.1	76.1
Per Share	0.34	0.67
France		
Societe Generale		
Year	1980	1979
Net Income	1,018.0	821.0
Per Share	78.0	N/A
Japan		
Mitsubishi Metal		
Year	1980	1979
Revenue	327,570.0	335,110.0
Profits	1,690.0	2,040.0
Per Share	199	1979
United States		
Liton Industries		
3rd Quar.	1981	1980
Revenue	1,260.0	1,140.0
Profits	83.0	76.47
Per Share	2.19	1.81
9 Months	1981	1980
Revenue	3,640.0	3,140.0
Profits	219.2	194.9
Per Share	5.47	4.91

Land Position

The Richardson report describes Hudson's Bay Oil's 5.7 million acres in western Canada as "one of the largest land positions in the industry." The report went on, "It is nicely complemented by a further 7.9 million net acres in Canada's frontier areas (the East Coast, the Northwest Territories and the Arctic Islands) and by an additional 8.9 million net acres in various foreign areas," including Indonesia.

Development Potential

Under that agreement, Dome will pay Conoco \$245 million in cash and 22 million shares of Conoco stock that it bought last week for \$1.43 billion.

As a recent research report by Richardson Securities of Canada said: "Hudson's Bay Oil has one of the largest inventories of undeveloped land in western Canada." "This is thought to provide substantial exploration and development potential for the company."

Analysts say Canada's nationalistic policies on energy development combined with Dome's tax situation make Hudson's Bay Oil potentially more profitable under Dome's control than under Conoco.

Paul Ziff, an oil analyst in Calgary for Greenshield, a brokerage firm, said that Hudson's Bay Oil "has a high concentration of land in Alberta, and Dome has consistently sought out land-rich companies."

All of these securities having been sold, this announcement appears solely for purposes of information.

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(Without Par Value)

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NYSE Nationwide Trading Closing Prices June 2

Tables include the nationwide prices up to the closing on Wall Street.

Main NYSE stock price table with columns for stock names, prices, and volume. Includes sub-sections for 12 Month Stock, 12 Month Div., and 12 Month P/E.

Sales figures are unaffected... Unless otherwise noted, rates of dividends in the foregoing table are annual distributions based on the last quarterly or semi-annual distribution...

U.S. COMMODITY PRICES

Commodity price table including Chicago Futures, International Monetary Market, Cash Prices, and Commodity Indexes.

London Commodity Prices

Table of London commodity prices for various goods like sugar, cocoa, and coffee.

Paris Commodity Prices

Table of Paris commodity prices for various goods.

Market Summary NYSE Most Active

Summary of NYSE market activity including volume and price changes.

Montreal Stocks Closing Prices, June 1, 1981

Table of Montreal stock closing prices.

Canadian Indexes

Table of Canadian market indexes.

European Gold Markets

Table of European gold market prices.

Standard & Poor's NYSE Index

Table of Standard & Poor's NYSE index.

Odd-Lot Trading in N.Y.

Table of odd-lot trading data.

American Most Active

Table of American most active stocks.

European Options Exchange

Table of European options exchange data.

Gold Options (prices in \$/oz.)

Table of gold options prices.

Values World Weld S.A.

Table of Values World Weld S.A. data.

AMEX Index

Table of AMEX index.

Dividends

Table of dividend information.

Floating Rate Notes

Table of floating rate notes.

European Stock Markets

Closing Prices, June 1, 1981

Large table of European stock market closing prices for various cities including Amsterdam, Paris, London, Brussels, Frankfurt, Zurich, and Milan.

Advertisement for République Tunisienne, Ministère de l'Économie Nationale, Compagnie des Phosphates de Gafsa. Includes text in French and English about phosphate production and international offers.

Advertisement for Gold Options and Values World Weld S.A. with contact information and product details.

Selected Over-the-Counter

Closing Prices, June 2, 1981

Table of selected over-the-counter stock prices.

Dividends

Table of dividend information for over-the-counter stocks.

Floating Rate Notes

Table of floating rate notes.

Bank

Table of bank-related financial data.

Non-Bank

Table of non-bank financial data.

Tuesday's New Highs and Lows

Table of Tuesday's new highs and lows for various stocks.

NEW LOWS

Table of new lows for various stocks.

NEW HIGHS

Table of new highs for various stocks.

NEW LOWS

Table of new lows for various stocks.

NEW HIGHS

Table of new highs for various stocks.

AMEX Nationwide Trading Closing Prices June 2

Tables include the nationwide prices up to the closing on Wall Street.

Main table containing AMEX Nationwide Trading Closing Prices for June 2, 1981. Includes columns for stock symbols, prices, and volume.

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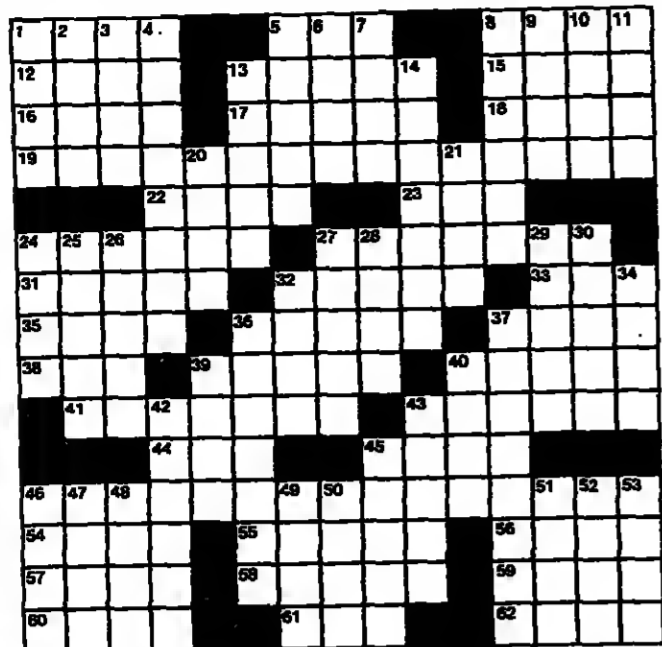
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CROSSWORD

By Eugene T. Maeska



ACROSS

- 1 Condition of a... 2 Like Red Riding Hood's wolf... 3 Scheme... 4 Italian capital, to Loren... 5 Spanish coins... 6 Opposed, in Dogpatch... 7 Prefix for mural or vesper... 8 Precipitation... 9 Wagnerian opera, with "Die"...

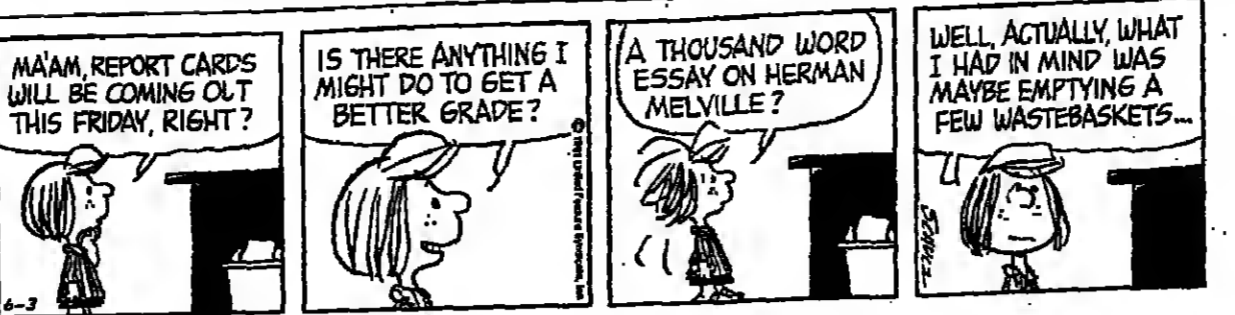
DOWN

- 1 Leave out... 2 Trademark... 3 Division of a... 4 Choral works... 5 Leagues... 6 German style... 7 Department of... 8 Univ. building... 9 Imitate... 10 "Mourning" becomes... 11 Pungency... 12 More ominous... 14 Cloth that may contain a motto... 20 Environmental biol... 21 Gaelic... 22 terrier

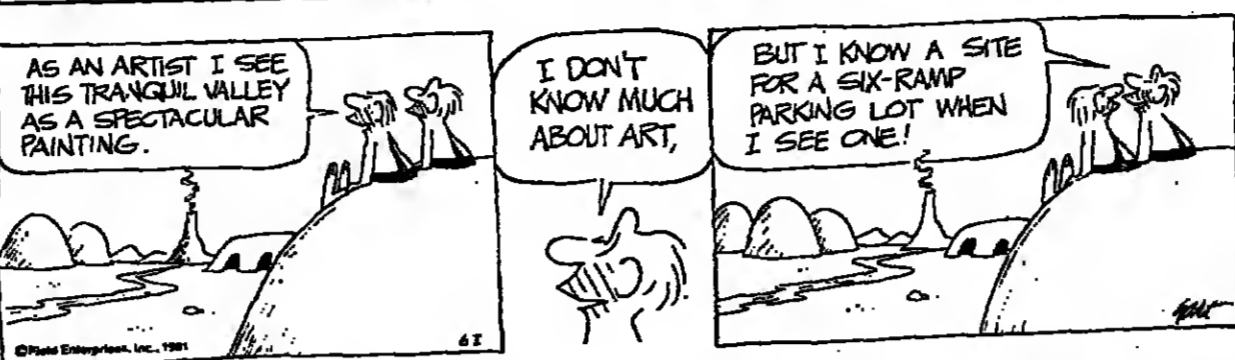
WEATHER

Table with columns for High, Low, Clouds, and locations including ALGERIA, AMSTERDAM, ANKARA, ATHENS, AUCKLAND, BANGKOK, BEIRUT, BELGRADE, BERLIN, BOSTON, BRUSSELS, BUCHAREST, BUDAPEST, BUENOS AIRES, CAIRO, CASABLANCA, CHICAGO, COPENHAGEN, COSTA MESA, DAMASCUS, DUBLIN, EDINBURGH, FLORENCE, FRANKFURT, GENEVA, HELSINKI, HONG KONG, HOUSTON, ISTANBUL, JERUSALEM, LAS PALMAS, LIMA, LISBON, LONDON, LOS ANGELES.

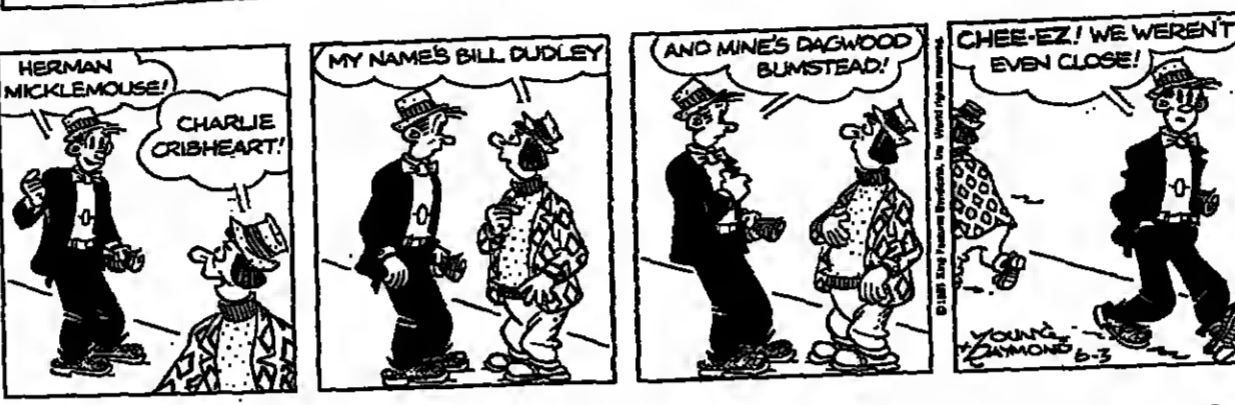
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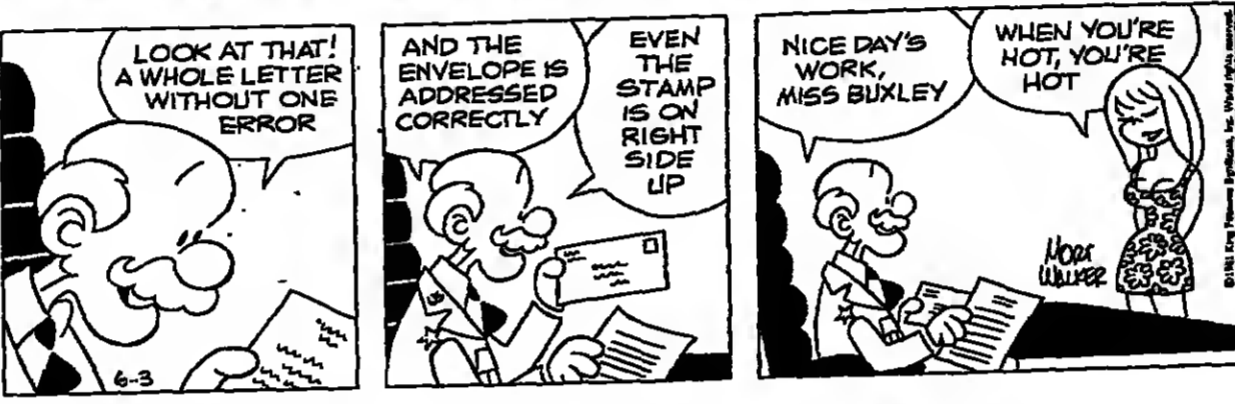
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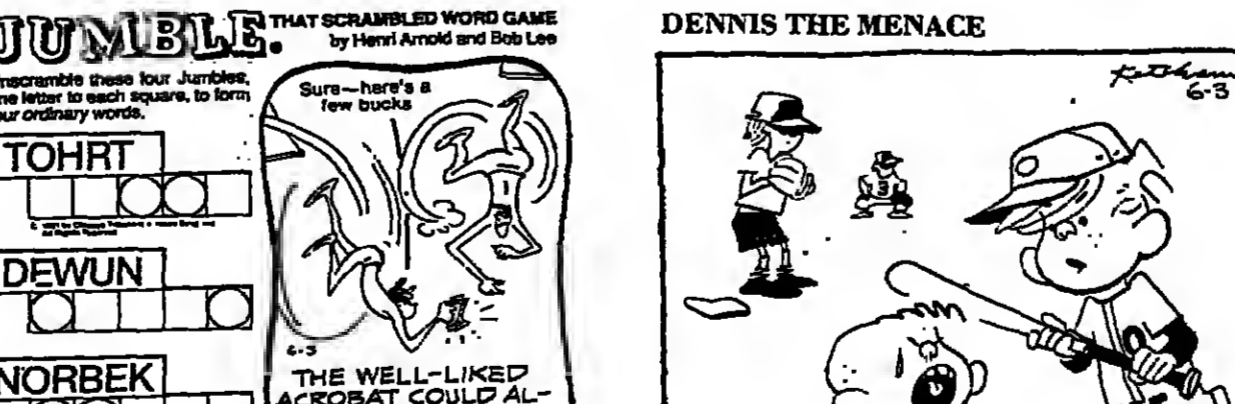
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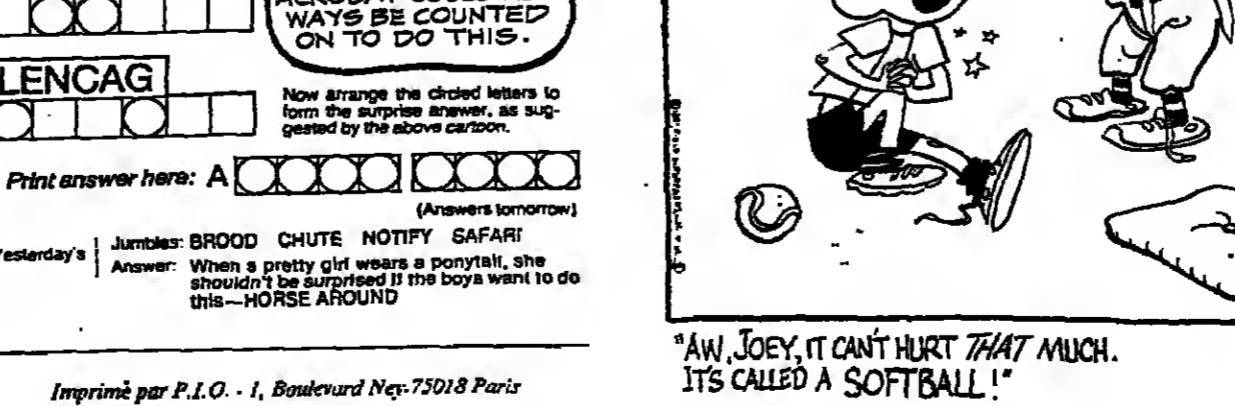
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BOOKS

SOLVENCY: The Price of Survival. An Essay on American Foreign Policy. By James Chace. 115 pp. \$9.95. Random House, 201 E. 50th St., New York 10022. REAL SECURITY: Restoring American Power in a Dangerous Decade. By Richard J. Barnet. 137 pp. \$10.95. Simon & Schuster, 1230 Avenue of the Americas, New York 10020. Reviewed by John Leonard.

JAMES CHACE is managing editor of the quarterly Foreign Affairs, a magazine that amounts to a palimpsest, or perhaps a Book of Common Prayer, of Eastern... CHACE is a senior fellow at the Institute for Policy Studies in Washington, about which there has been so much hoo-bloobling in recent months... BARNET has a livelier sense of miscalculation... CHACE and BARNET both warn us against "scenarios"...

Both agree to a remarkable extent. Both assert that the U.S. defense budget has been wasteful and inflationary; that U.S. adventurism in Vietnam... CHACE is much clearer and more persistent on the relationship between Vietnam and inflation; the United States has to learn to pay for what it wants to do instead of just printing money...

John Leonard is on the staff of The New York Times.

Best Sellers

Table of best-selling books including NOBEL HOUSE, GORKY PARK, FREE FALL IN CRIMSON, GOD EMPEROR OF DUNE, THE COVENANT, CREATION, YAK AND THE MOVEMENT, REFLEX, MASQUERADE, THE WHITE HOTEL, THE COMPANY OF WOMEN, THE CENTURY, THE COMING OF SPRING, LICENSE RENEWED, THE LORD GOD MADE THEM, NEVER-SAY-DIET BOOK, COSMOS, THE GREAT GIFT, PAVAROTTI: MY OWN STORY, DR. ATKINS' NUTRITION BREAKTHROUGH, WILLIAM E. DONOHUE'S COMPLETE MONEY MARKET GUIDE, MARIA CALLAS, THE EIGHTH DAY, BETTY CROCKER'S INTER-NATIONAL COOKBOOK, NICE GIRLS DO IT BETTER, YOU CAN NEGOTIATE ANYTHING, WEALTH AND POWER, PAPER MONEY, STRAIGHT CLAWBURNER'S COULMET DIET, THE COMPLETE BOOK OF BALANCING IN CONTRACT BRIDGE.

BRIDGE

By Alan Truscott

REOPENING the bidding when the opponents have come to rest in a part-score has now received the comprehensive treatment it deserves from Mike Lawrence, a former world champion, in an excellent book entitled "The Complete Book of Balancing in Contract Bridge"...

Bridge hand diagram showing a deal with North and South hands, and a commentary on the play.

INTERNATIONAL FUNDS

Table of international fund prices and names including ALLIANCE INT'L FUND, BANK JULIUS BAER & CO. US, BANK VON ERNST & SOHN AG, BRITANNIA TRUST FUND, CAPITAL INTERNATIONAL, CREDIT SUISSE, DIET INVESTMENT FRANKFURT, FIDELITY FUND, G.T. MANAGEMENT LTD., JAPANESE FLEETING FUND, LLOYD INVESTMENT FUND, RBC INVESTMENT FUND, ROTHSCHILD ASSET MGMT, ROTHSCHILD ASSET MGMT, SOFIO GROUPE GENEVA, SWISS BANK CORP., UNION BANK OF SWITZERLAND.

JUMBLE

Jumble word game puzzle with a cartoon illustration of a man and a woman, and a list of words to be unscrambled.

DENNIS THE MENACE

Dennis the Menace comic strip panels showing Dennis hitting a ball with a bat.

Pecci Beats Noah; Borg Gains Semis

By Nick Spout
International Herald Tribune

PARIS — After dropping the first set, Victor Pecci of Paraguay rediscovered his big serve and overpowered Yannick Noah, 3-6, 6-4, 6-4, Tuesday to reach the semifinals of the French Open tennis tournament. He will play Bjorn Borg, who eliminated Balazs Taroczy, 6-3, 6-3, 6-2.

"I was serving better than ever," Pecci said after the match. "The last time I served so well was probably in 1979 against Vilas and Connors." He was referring to the French Open two years ago, when he sailed past Harold Solomon, Guillermo Vilas and Jimmy Connors, only to lose to Borg in the final.

The Pecci-Borg rematch should be interesting, not only because of the 1979 encounter but also because it was Pecci who last defeated Borg in Monte Carlo in April.

Lloyd to Meet Mandlikova

Chris-Evett Lloyd, meanwhile, defeated Virginia Ruzici, 6-4, 6-4, to earn a semifinal berth against Hana Mandlikova, who finally stopped Kathy Rinaldi, the 14-year-old American who earlier had defeated Dianne Fromholtz and Anne Smith. Mandlikova, who beat Lloyd last year in Atlanta, won Tuesday, 6-1, 6-3.

Andre Jaeger advanced with a 4-6, 6-2, 6-0 victory over Mima Jausovec, a 24-year-old Yugoslav and former champion here. In the semis, she will play either Martina Navratilova or Sylvia Hanika. Navratilova was losing, 1-4, in the first set when rain and darkness halted play.

As a Frenchman, Noah was the overwhelming favorite here. He was still riding the euphoria of his victory Monday, over Guillermo Vilas, when he walked out to play in front of the cheering fans on the center court of Roland Garros Stadium. He played aggressively, coming to the net often and volleying for winners.

Counterattacker

But the 6-foot 4-inch Pecci was also on the attack, always forcing the play. The match contrasted markedly with the routine, often boring, show that two baseline players put on. In the Borg-Pecci match, the two styles will be in conflict.

With his victory over Taroczy, Borg advanced to the semis without having lost a set. "A lot of the games were really close," he said of his Tuesday match. "But it has always been that way with Balazs. Today, I won all the important

points but our games are always close." Borg has now beaten Pecci six times without a loss. The last time they met was in the fourth round here last year.

The other men's semifinalists will be decided Wednesday, when John McEnroe plays Ivan Lendl and Jose-Luis Clerc meets Jimmy Connors.

While Lloyd defeated her Romanian opponent in two sets, she needed more than two hours to complete the match as the two engaged in marathon games. Lloyd's victory streak over Ruzici has now reached 19, nine of them since the two met in the final here last year.

Lloyd has said repeatedly that Ruzici is the second-best clay-court player in the world.

"This was one of my best matches on clay," Ruzici said Tuesday. "I was just glad that I was able to get into the games. I was humiliated last year, and I went on the court today thinking that I was ready to die out there trying to beat her."

"Just a few more points and I might have."

Asked to comment on Lloyd's assessment of her talents, she said: "I'm sure that I am one of the top four on clay in the world. If I could hit my forehand as well as my backhand, I would be the best player in the world."

Mandlikova sent Rinaldi back into the real world, dazzling her with a pom-pom of shots. "I'm not upset that I lost," Rinaldi said. "I just wish I would have played a little better."

Mandlikova, 19, said she was in much better shape than she was last year, when she lost to Lloyd in the semis. "The public expects me to play a good game against Chris," she said. "And I think I can. If I'm patient."

Jaeger had some trouble in the first set, but was clearly in command by the match ended. "It's a big difference from last year, she conceded, referring to her first-round elimination from the French Open.

"Even if I had lost today I would have been satisfied because I played so much better than last year. Jausovec won here in 1977. It's not like it has been an easy draw for me," Jaeger said.



Victor Pecci
... A rallying winner, 3-6, 6-4, 6-4, 6-4.

The Soccer Scene The Russians Are Coming

By Rob Hughes
International Herald Tribune

LONDON — The Russians are coming. They are on the attack and, by this time next year, will represent a threat to the world.

That, believe it or not, is the most encouraging conclusion to be drawn from four days of otherwise extremely sick soccer last week. Coming after the dreadfully boring European Cup final — "chloroform football," a French reporter called it — and before the disgrace of the England team and her hooligan supporters in Switzerland, 11 Russians had us rising to applaud a masterful display of controlled and imaginative modern soccer.

It is highly significant that the two nations that have begun 1981 most impressively are Brazil and the Soviet Union. Significant because they are far and away the most populated soccer countries; gratifyingly significant in that each has a new manager committed to enterprising play.

Brazil, with recent victories in England, France and, more surprisingly, West Germany, is being sensibly redirected toward intense touch-play. The Soviet Union, whose 12 unbeaten games include

a victory in Brazil, has departed convincingly from the sterile soccer it pursued for the past decade.

Getting the Points

Manager Constantin Beskov, known for the attacking style of his Moscow Spartak club, appears to have grasped two things: that most battles are won going forward and that his homeland, with a 255-million populace, dammed well ought to be able to find a dozen individuals capable of winning most battles.

Before anyone thinks I have lost my marbles, it is conceded that the Soviet performance inspiring these views was nothing better than a 0-0 draw in Wales — a nation that cannot muster three million citizens. But the scoreline was a travesty.

The Soviet Union, changing gear and direction with perplexing fluency, created chances with studied brilliance — and squandered them with abandon. None spared more opportunities than David Kipliani, the balding orchestrator whose skills had won the Cup Winners Cup for Dynamo Tbilisi, and Oleg Blokhin, whose electric pace has Olympic potential, bred

as it was out of a Ukrainian national sprint champion.

Kipliani, Blokhin and Alexander Chivadze, the imaginative sweeper, are acknowledged masters. But now they are surrounded by quality: Goalkeeper Rinat Dussay is tall, stringy and elastic; right-back Tangiz Sulakvelidze counterattacks swiftly; center-forward Sergei Andreyev is an elusive foil for Kipliani's midfield, of course, is Kipliani's springboard, but Vladimir Bessonov and Khoren Ohanesyan are young lieutenants driving on his artery.

Welcome, Soviet Union, to the minority stage of entertaining soccer.

Wretched Contribution

Sadly, we can no longer put off England's wretched contribution to international soccer. Liverpool's dull triumph over Real Madrid in the European Cup and the clash between her supporters and French riot police before the game was a prelude to England's defeat against Switzerland.

On Saturday, England faces in Budapest a Hungarian side which — with Andras Tamas, Tibor Nyilasi and Lezso Kiss — is even more gifted. But Hungary's aging

team and its neurotic defense at least encourages England to hope she can restore a modicum of World Cup pride.

In other groups, Italy expects to consolidate qualification by winning in Denmark and Northern Ireland's chances require at least a draw in Sweden.

Anywhere but Budapest, the spotlight is on players. In Hungary, also, the TV eye will roam the terraces, surveying the behavior of English youths, 52 of whom were arrested during drunken brawls in Switzerland. English parliamentarians are embroiled in their annual annual breastbeating, their pathetic long-range opinionating over the country's stupid flag-bearers abroad.

MPs who understand soccer as profoundly as they seem to the social causes of vandalism, squabble about the supposed correlation between the hacking tactics of the England team and what happened on the terraces. They want passports withheld from young thugs; they blame soccer, as if the liquor-soaked minority attaching itself to the games' publicity glare is representative. They waffle, hoping the problem will fade.

And soccer authorities? Impotent. And they know it.

The English F.A. wants to abdicate responsibility, to disband official travel club and ask other countries not to admit Englishmen. FIFA, the world rulers, say they will, in good time, probably fine the English F.A., but not bar the team. How ambiguous can they be? UEFA, the European authority, made the same futile distinction after the Turin riot last year.

'Benign and Elderly'

Their logic has stunning banality. But then, soccer administration would win any diploma in illogicality. The English F.A. last summer blamed heavy-handed Italian riot police for Turin's ugly fighting. It now derides "benign and elderly" Swiss law enforcement for standing and watching hooligans. They demonstrate ignorance with every mouthful.

The troublemakers, say the F.A., will meet their match in totalitarian Hungary "if they step one inch out of line." Really? Where were the F.A. observers in the Nep Stadium a fortnight ago when hordes of youths ran wild? They smashed down a wire fence and baited Romanians — whose police stood as benign as any Swiss.

Why? "We are a forgiving people," said one politician. "Young people will make mistakes. Besides, it is nothing like English hooliganism."

No, not yet.

But 20 minutes after that exchange of views, I attempted to use a public telephone. It had been vandalized.

Bird, 14-Hit Yankee Attack Beat Indians, 5-3

CLEVELAND — Doug Bird, moved into a starting role because of injuries to Tommy John and Ron Guidry, won his 11th consecutive game Tuesday night in helping New York to a 5-3 triumph over the Indians.

Bird (4-0) has not lost a game since Aug. 16, 1978. He went five

inings to raise his record to 2-4 with Dan Quisenberry pitching the final inning for his eighth save.

Tigers 4, Brewers 3

In Detroit, pinch-runner Mick Kelleher scored from third on Lynn Jones' ground single up the middle — his fourth hit of the game — with one out in the 12th to give the Tigers a 4-3 decision over Milwaukee. Dave Rozema went the last two innings to get the victory. Ted Simmons homered for the Brewers.

Angels 3, Blue Jays 0

In Toronto, Ken Forsch pitched a three-hitter and Butch Hobson

and Dan Ford hit bases-empty homers to power California to a 3-0 victory over the Blue Jays. Forsch (7-3) struck out six and walked three in posting his sixth complete game and third shutout of the year.

Dodgers 5, Braves 2

In the National League, in Los Angeles, Fernando Valenzuela pitched a seven-hitter and struck out 11 to become the major leagues' first nine-game winner in leading the Dodgers past Atlanta, 5-2. Snapping a personal two-game losing streak, Valenzuela took over the major-league lead in strikeouts with 90 and in innings pitched

with 99. Rick Monday had a home run for the winners.

Phillies 5, Mets 4

In Philadelphia, the Phillies rallied for two runs in the ninth, one to Garry Maddox's leadoff homer, to beat New York, 5-4. Maddox's second home run of the year, off reliever Neil Allen, tied the score, 4-4; pinch-hitter George Vukovich added a single that drove in the winning run. Dave Kingman had given the Mets a 4-3 lead when he opened the eighth with a bases-empty homer, his 12th of the year and his sixth in seven games.

Reds 6, Giants 5

In San Francisco, Dave Concepcion's run-scoring double ignited a four-run ninth-inning rally that pushed Cincinnati past the Giants, 6-5. Dave Collins led off the inning with a walk off reliever Greg Minton. Ken Griffey singled Collins to third; Concepcion drove him in with a blop double and George Foster was walked to load the bases. Gary Lavelle relieved Minton and struck out pinch-hitter Mike Vail, but Ray Knight's single

drove in another run. Dan Driessen capped the uprising with a two-run double. Foster had a two-run homer for Reds in the first, giving him a league-leading 39 RBIs.

Cardinals 4, Expos 2

In St. Louis, John Martin and Bruce Stettin combined on a five-hitter and Garry Templeton went 3-for-4 with two runs batted in to lead the Cardinals to a 4-2 victory over Montreal. Templeton singled and scored on Dane Logg's single in the first. The Expos tied it on doubles by Larry Parrish and Chris Speier in the fifth, but St. Louis took a 3-1 lead in the bottom of the inning on doubles by Glenn Brummer and Tom Herr and a single by Templeton. Templeton's seventh-inning double plated Herr with the winning run. Gary Carter hit his sixth home run for Montreal.

Baseball Line Scores

AMERICAN LEAGUE	W	L	Pct.
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Toronto	10	9	.520
New York	10	9	.520
Los Angeles	10	9	.520
Chicago	10	9	.520
Minnesota	10	9	.520
Philadelphia	10	9	.520
Detroit	10	9	.520
Baltimore	10	9	.520
Seattle	10	9	.520
Washington	10	9	.520
San Diego	10	9	.520
Atlanta	10	9	.520
Pittsburgh	10	9	.520
St. Louis	10	9	.520
San Francisco	10	9	.520
Philadelphia	10	9	.520
New York	10	9	.520
Los Angeles	10	9	.520
Chicago	10	9	.520
Minnesota	10	9	.520
Philadelphia	10	9	.520
Detroit	10	9	.520
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PEOPLE: Jeff MacNelly Gives Up Political Cartooning Pen

One of the United States' foremost editorial page cartoonists, Jeff MacNelly is giving up political cartooning to concentrate on his comic strip, "Shoe." MacNelly has been with The Richmond (Va.) News-Leader since he began his career as an editorial cartoonist in 1970. "Shoe," whose characters are birds, is syndicated to 550 newspapers. MacNelly's political cartooning was syndicated to 450 papers.



Jacobo Timerman

Ordeal in Argentina

Jacobo Timerman on Torture and Being Jewish

By Christian Williams

Washington Post Service

WASHINGTON — "The word that I hate most is 'unbelievable,'" said the man who had been tortured, held in a well-cut, pinstriped suit, and whose face, tanned the color of his expensive gold wristwatch, reflected the irony in his voice.

"What people want to hear about first is the torture I am faced, but I try to tell them. 'Unbelievable,' they say. 'But I have an idea. On the television talk shows I will agree to be tortured just as I was in Argentina. Then everyone will know what it's like.'

"To be a Jew is to have almost a second biology," he said. "You are a man — and a Jew. The question is always of survival. Nobody can explain why anti-Semitism exists, why a people is hated. There is the Holocaust, and before the Holocaust the Inquisition. That is why I am a Zionist. We must have a homeland, and we must have guns."

In prison, "I would be taken from the torture machine into another room, and there would be a man, an intellectual, smoking a pipe, pronouncing his words correctly. A man just like you or me, who would carefully explain that he was not a torturer."

"Then he would say: We know Brzezinski is a Jew. We know President Carter is a Jew, he changed his name from Braunstein. We know Brzezinski has a plan to take over Brazil and Argentina and Chile. You must tell us about the details."

He is a Jew by birth ("I am not

on. He was jailed until Oct. 13, 1977, then was kept under house arrest until Sept. 24, 1978.

Twice the Argentine Supreme Court found that he was imprisoned without charge. The second time, the junta responded with a threat to disband the court. But Timerman had become a nuisance in his incarceration as well. His citizenship was revoked, his newspaper and his possessions were confiscated and he was expelled from the country.

In ridding itself of Timerman, the Argentine government gave his story to the world. Bitter and combative, it reaches out from the pages of his book, "Prisoner Without a Name, Cell Without a Number."

The content of the story is Argentine, where since 1976 thousands of persons have "disappeared" — estimates range from 6,000 to 20,000 — and many more have been arrested and imprisoned. But it begins and ends with Timerman's Jewishness.

"The great cost has been to my peace of mind. I try to come back now to the things that were most important to me, and I cannot. It is very frightening. I have lost the ability to read the great poets, Sophocles, or T.S. Eliot, or Delmore Schwartz, that were so important to me."

Timerman believes that Argentine must improve, that the worst times are over, and that many of the 1 million exiles will eventually be able to return. Perhaps he will, too.

"No," he said sharply. "I will never return. I cannot. You see, I was not treated there as a political enemy, I was hated because I was a Jew, and I can never return to that. I will stay in Israel, I am no longer ashamed to love my Jewishness."

Observer

MX Credibility Gap

By Russell Baker

NEW YORK — Life has become a constant burden, thanks to the recent surge of skepticism about the accuracy of what is written in the newspapers.

Last night, for example, my garage was invaded by investigators looking for evidence that fictions have been published in this column. Imagine my rage.

What had crossed these busybodies was my series of reports about the MX Pentagon. These articles, in case you missed them, outlined my program for building 250 fake Pentagons and keeping them constantly moving around the highways on trucks, along with the real Pentagon.

As I have previously explained, the MX Pentagon system is an essential companion piece in the MX missile system, which will keep several hundred missiles moving constantly around the Southwestern desert to confuse Soviet targets about where our bombs might be coming from.

Anyhow, these snoopers suspected that my MX Pentagon program was a fiction. Such is the cynicism of the modern newspaper reader. "Your last article said you'd already built three prototype models of the fake Pentagon in this garage," the chief investigator said. "I don't see any Pentagons in this garage."

"That's right," said the chief. "In fact, this garage isn't even big enough to hold one Pentagon."

"Of course not," I noted. "If you observe closely, you will see it isn't even big enough to contain all of my 1969 Buick Electra."

"So you published fiction in the newspaper, eh?"

"It was easy to calm them. 'Do you really want me to notify the Russians where our fake Pentagons are built?'"

"They agreed I had a point there, and one or two even congratulated

me on not being "one of those freedom-of-information freaks."

"Nevertheless," said the chief investigator, "you'll have to reveal — strictly in confidence, mind you — where the fake Pentagons are being built, or we'll nail you for trying to hornswoggle the reader."

"So I confided the secret to him. "I build them in the cellar."

"Nobody can build a Pentagon in the cellar," he said. "You'd never get it up the steps."

We went to the cellar.

"Just as I suspected," he said. "There's no Pentagon construction going on in here."

"Of course not," I said. "Do you take me for an idiot? For all I know you could be an agent of the KGB. One word from you, and there goes my cellar, not to mention the center of fake-Pentagon construction."

He looked skeptical. These people are very good at looking skeptical, but not at much else.

"Before undertaking construction of the MX Pentagons, I built 2,500 MX cellars, which are now located in scattered excavations all over the continent. In one of these cellars, whose location is known only to me, fake Pentagons are now being produced at a prodigious pace."

"Who's paying for this MX cellar program?" he asked.

"That's not the question," I explained. "The question is, are you, as a patriotic American citizen, willing to pay for a program that will counter the Russians' MX Kremlin system?"

He was astonished to hear about the MX Kremlin. "Oh yes," I confided. "The Russians are building 3,000 fake Kreamlins to be kept constantly on the move in order to confuse our bombers. I have the intelligence from captured documents."

Naturally he wanted to see the captured documents. "Impossible," I explained. "They have been fed into my MX captured-document-shredder system, which consists of 10,000 paper shredders in constant circulation between Tallahassee and Syracuse."

"Are you're trying to put me on, are you?" he said. "It was painful to see a man so far beyond the healthy reach of truth."

NEW YORK TIMES SERVICE

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